

Registration number: 02623547

Calthorpe Property Company Limited

Annual Report and Financial Statements

Year Ended 5 April 2020

Dixon Wilson Audit Services LLP
22 Chancery Lane
London
WC2A 1LS

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Calthorpe Property Company Limited

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Calthorpe Property Company Limited

Company Information

Directors	A J Parker G A Allison P M Hay-Plumb D I Wooldridge H J Cooper
Company secretary	M T Bennett
Registered office	76 Hagley Road Edgbaston Birmingham B16 8LU
Bankers	Lloyds Bank Plc 3rd Floor 125 Colmore Row Birmingham B3 2DS
Auditors	Dixon Wilson Audit Services LLP 22 Chancery Lane London WC2A 1LS

Calthorpe Property Company Limited

Directors' Report

Year Ended 5 April 2020

The directors present their report and the financial statements for the year ended 5 April 2020.

Directors of the company

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

J C Kirk (resigned 15 May 2020)

M S W Lee (resigned 10 July 2020)

A J Parker

G A Allison

P M Hay-Plumb

The following directors were appointed after the year end:

D I Wooldridge (appointed 15 May 2020)

H J Cooper (appointed 13 July 2020)

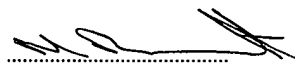
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 11 August 2020 and signed on its behalf by:



M T Bennett
Company secretary

Calthorpe Property Company Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 apply them consistently;
- make judgements and accounting 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; 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.

Calthorpe Property Company Limited

Independent Auditor's Report to the Members of Calthorpe Property Company Limited

Opinion

We have audited the financial statements of Calthorpe Property Company Limited (the 'company') for the year ended 5 April 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 FRS 102 Section 1A '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 5 April 2020 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.

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.

Emphasis of matter

We draw attention to Note 4 of the financial statements, which describes the uncertainty in relation to the valuation of the company's investment properties. Our opinion is not modified in respect of this matter.

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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Calthorpe Property Company Limited

Independent Auditor's Report to the Members of Calthorpe Property Company Limited

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.

Opinion on other matter 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 year 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 our 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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.

Calthorpe Property Company Limited

Independent Auditor's Report to the Members of Calthorpe Property Company Limited

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.



David Mellor (Senior Statutory Auditor)
For and on behalf of Dixon Wilson Audit Services LLP, Statutory Auditor

22 Chancery Lane
London
WC2A 1LS

Date: 13 August 2020

Calthorpe Property Company Limited

Profit and Loss Account

Year Ended 5 April 2020

	Note	2020 £	2019 £
Turnover		2,021,800	2,257,902
Administrative expenses		(1,252,773)	(886,169)
Other operating income		<u>447,162</u>	<u>258,962</u>
Operating profit		<u>1,216,189</u>	<u>1,630,695</u>
Income from other fixed asset investments		371,595	277,364
Other interest receivable and similar income		7,430	1,602
Interest payable and similar expenses		(903,066)	(962,657)
(Loss)/gain on investment properties and fixed asset investments		<u>(3,478,835)</u>	<u>114,352</u>
		<u>(4,002,876)</u>	<u>(569,339)</u>
(Loss)/profit before tax		(2,786,687)	1,061,356
Taxation		<u>392,500</u>	<u>(24,938)</u>
(Loss)/profit for the financial year		<u>(2,394,187)</u>	<u>1,036,418</u>

The notes on pages 11 to 18 form an integral part of these financial statements.

Calthorpe Property Company Limited

Statement of Comprehensive Income

Year Ended 5 April 2020

	2020	2019
	£	£
(Loss)/profit for the year	<u>(2,394,187)</u>	<u>1,036,418</u>
Unrealised loss on cash flow hedges	(237,533)	(102,369)
Tax effect on unrealised loss on cash flow hedges	<u>47,347</u>	<u>17,234</u>
	<u>(190,186)</u>	<u>(85,135)</u>
Total comprehensive income for the year	<u><u>(2,584,373)</u></u>	<u><u>951,283</u></u>

The notes on pages 11 to 18 form an integral part of these financial statements.

Calthorpe Property Company Limited

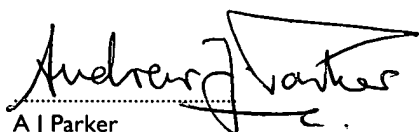
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Balance Sheet as at 5 April 2020

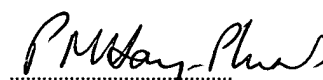
	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	25,509,850	28,029,849
Investments	5	<u>7,297,241</u>	<u>8,137,329</u>
		<u>32,807,091</u>	<u>36,167,178</u>
Current assets			
Debtors	6	865,066	608,026
Cash at bank and in hand		<u>619,586</u>	<u>752,963</u>
		1,484,652	1,360,989
Creditors: Amounts falling due within one year	7	<u>(800,065)</u>	<u>(1,084,453)</u>
Net current assets		<u>684,587</u>	<u>276,536</u>
Total assets less current liabilities		33,491,678	36,443,714
Creditors: Amounts falling due after more than one year	7	(21,848,317)	(21,859,888)
Provisions for liabilities	9	<u>(1,362,863)</u>	<u>(1,718,955)</u>
Net assets		<u>10,280,498</u>	<u>12,864,871</u>
Capital and reserves			
Called up share capital		900,000	900,000
Cash flow hedge reserve		(282,137)	(91,951)
Profit and loss account		<u>9,662,635</u>	<u>12,056,822</u>
Total equity		<u>10,280,498</u>	<u>12,864,871</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 11 August 2020 and signed on its behalf by:



A J Parker
Director



P M Hay-Plumb
Director

The notes on pages 11 to 18 form an integral part of these financial statements.

Calthorpe Property Company Limited

Statement of Changes in Equity

Year Ended 5 April 2020

	Share capital £	Cash flow hedge reserve £	Profit and loss account £	Total £
At 6 April 2019	900,000	(91,951)	12,056,822	12,864,871
Loss for the year	-	-	(2,394,187)	(2,394,187)
Other comprehensive income	-	(190,186)	-	(190,186)
Total comprehensive income	-	(190,186)	(2,394,187)	(2,584,373)
At 5 April 2020	900,000	(282,137)	9,662,635	10,280,498

	Share capital £	Cash flow hedge reserve £	Profit and loss account £	Total £
At 6 April 2018 (as restated)	900,000	(6,816)	11,020,404	11,913,588
Profit for the year	-	-	1,036,418	1,036,418
Other comprehensive income	-	(85,135)	-	(85,135)
Total comprehensive income	-	(85,135)	1,036,418	951,283
At 5 April 2019	900,000	(91,951)	12,056,822	12,864,871

The notes on pages 11 to 18 form an integral part of these financial statements.

Calthorpe Property Company Limited

Notes to the Financial Statements

Year Ended 5 April 2020

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

76 Hagley Road
Edgbaston
Birmingham
B16 8LU

2 Accounting policies

Summary of significant accounting policies

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling which is the functional currency of the company and rounded to the nearest £.

Group accounts not prepared

As the company is subject to the small companies regime, group accounts have not been prepared.

Going concern

The financial statements have been prepared on a going concern basis as the ultimate shareholder will continue to support the company for a period of no less than twelve months from the date of approval of the accounts. The impact of the COVID-19 pandemic (coronavirus) on the ability of the company to continue as a going concern has been assessed by the directors, and they have undertaken stress testing of the company's cash flows and covenant compliance taking account of reduced and deferred rental collections through to March 2021. Accordingly, the directors are satisfied the company can continue to operate for at least twelve months from the date of approval of these financial statements.

Turnover

Rents are brought into account on an accruals basis. The rental income is matched to the days of the period.

Tax

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

The current 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 taxable income.

Calthorpe Property Company Limited

Notes to the Financial Statements

Year Ended 5 April 2020

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Investment property

Investment properties are carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Fixed asset investments

Investments in subsidiaries are stated at cost less provision for impairment. Where a loan is made to a subsidiary at a rate of interest below the market rate, the difference between the cash value and the present value of the loan is accounted for as a capital contribution to the subsidiary and increase in the cost of the investment.

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss.

Income from fixed asset investments is recognised when the right to receive payment is established.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Calthorpe Property Company Limited

Notes to the Financial Statements

Year Ended 5 April 2020

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Derivative financial instruments and hedging

The company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. The interest rate swap is an effective hedge and the company has chosen to adopt hedge accounting. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through other comprehensive income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate swap contracts is determined by calculating the present value of the estimated future cash flows based on observable yield curves.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity investments.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year was 18 (2019 - 19).

Calthorpe Property Company Limited

Notes to the Financial Statements

Year Ended 5 April 2020

4 Tangible fixed assets

	Investment properties £	Total £
Cost or valuation		
At 6 April 2019	28,029,849	28,029,849
Additions	112,728	112,728
Disposals	(3,254)	(3,254)
Revaluations	<u>(2,629,473)</u>	<u>(2,629,473)</u>
At 5 April 2020	<u>25,509,850</u>	<u>25,509,850</u>
Net book value		
At 5 April 2020	<u>25,509,850</u>	<u>25,509,850</u>
At 5 April 2019	<u>28,029,849</u>	<u>28,029,849</u>

Revaluation

The investment properties class of fixed assets was revalued as at 5 April 2020 by Cushman & Wakefield Debenham Tie Leung Limited, professionally qualified external valuers, in accordance with the RICS Valuation Professional Standards published by the Royal Institution of Chartered Surveyors. The basis of this valuation was open market. This class of assets has a current value of £25,509,850 (2019 - £28,029,849) and a carrying amount at historical cost of £23,030,487 (2019 - £22,921,013).

The valuers have indicated that their valuations have been prepared on the basis of a material valuation uncertainty due to the outbreak of Coronavirus (COVID-19) which was declared by the World Health Organisation as a "Global Pandemic". The valuers have stated that the unprecedented set of circumstances at the valuation date mean less weight can be attached to previous market evidence to inform opinions of value. Consequently, they advise that less certainty and a higher degree of caution should be attached to the valuations than would normally be the case.

Properties held at a value of £8.63m (2019 - £8.15m) are charged as security for loan facilities from Lloyds Bank Plc to the ultimate shareholder. In addition, properties held at a value of £8.735m (2019 - £8.73m) are charged as security for loan facilities from Handelsbanken Plc to the company.

Calthorpe Property Company Limited

Notes to the Financial Statements

Year Ended 5 April 2020

5 Investments held as fixed assets

	2020 £	2019 £
Shares in group undertakings	17,003	7,729
Other investments	7,280,238	8,129,600
	<u>7,297,241</u>	<u>8,137,329</u>

	Subsidiary undertakings £	Total £
Shares in group undertakings		
Cost or valuation		
At 6 April 2019	7,729	7,729
Additions	<u>9,274</u>	<u>9,274</u>
At 5 April 2020	<u>17,003</u>	<u>17,003</u>
Net book value		
At 5 April 2020	<u>17,003</u>	<u>17,003</u>
At 5 April 2019	<u>7,729</u>	<u>7,729</u>

	Listed investments £	Total £
Other investments		
Cost or valuation		
At 6 April 2019	8,129,600	8,129,600
Revaluation	<u>(849,362)</u>	<u>(849,362)</u>
At 5 April 2020	<u>7,280,238</u>	<u>7,280,238</u>
Net book value		
At 5 April 2020	<u>7,280,238</u>	<u>7,280,238</u>
At 5 April 2019	<u>8,129,600</u>	<u>8,129,600</u>

Calthorpe Property Company Limited

Notes to the Financial Statements

Year Ended 5 April 2020

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	
		2020	2019
Subsidiary undertakings			
Calthorpe Group Management Limited	Ordinary	100%	100%

6 Debtors

	2020 £	2019 £
Trade debtors	293,361	113,989
Other debtors	211,521	251,765
Amounts owed by group undertakings	339,180	242,272
Amounts owed by shareholder	21,004	-
	<u>865,066</u>	<u>608,026</u>

7 Creditors

	Note	2020 £	2019 £
Due within one year			
Trade creditors		155,675	126,610
Amounts owed to shareholder		-	24,457
Amounts owed to group undertakings		25,773	70,682
Accruals and deferred income		504,613	558,353
Taxation and social security		52,801	116,459
Other creditors		16,126	16,126
Corporation tax		45,077	171,766
		<u>800,065</u>	<u>1,084,453</u>
Due after one year			
Loans and borrowings	8	21,500,000	21,749,104
Interest rate swap		348,317	110,784
		<u>21,848,317</u>	<u>21,859,888</u>

Calthorpe Property Company Limited

Notes to the Financial Statements

Year Ended 5 April 2020

The company has an interest rate swap in place with Handelsbanken Plc. The interest rate swap is for a nominal value of £5m with a maturity date of 29 November 2026. The company pays interest at 1.47% and Handelsbanken Plc pays interest at the 3 month LIBOR.

	2020 £	2019 £
After more than five years not by instalments	5,348,317	5,110,784
	<u>5,348,317</u>	<u>5,110,784</u>

8 Loans and borrowings

	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	5,000,000	5,000,000
Loan from shareholder	16,500,000	16,749,104
	<u>21,500,000</u>	<u>21,749,104</u>

The shareholder provided a loan facility of £25m (2019 - £25m) throughout the year. At 5 April 2020, £16,500,000 (2019 - £16,749,104) had been drawn down. The facility is repayable in full upon 12 months prior notice in writing, and during the year bore interest at an average rate of 4.2% (2019 - 4.7%). Interest of £711,360 (2019 - £786,578) was charged during the year.

The company has a loan agreement with Handelsbanken Plc secured on properties held by the company at a value of £8.735m (2019 - £8.73m). The facility is for up to £5m, which is repayable by 29 November 2026 and subject to interest at 2.05% over LIBOR.

9 Provisions for liabilities and charges

	Deferred tax £	Other provisions £	Total £
At 6 April 2019	1,421,946	297,009	1,718,955
(Decrease)/increase in existing provisions	<u>(538,822)</u>	<u>182,730</u>	<u>(356,092)</u>
At 5 April 2020	<u>883,124</u>	<u>479,739</u>	<u>1,362,863</u>

Calthorpe Property Company Limited

Notes to the Financial Statements

Year Ended 5 April 2020

10 Commitments

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	95,000	95,000
Later than one year and not later than five years	380,000	380,000
Later than five years	<u>1,330,000</u>	<u>1,425,000</u>
	<u>1,805,000</u>	<u>1,900,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £94,048 (2019 - £88,753).