

Registered number: 00400725

CHESTERFIELD PROPERTIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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CHESTERFIELD PROPERTIES LIMITED

COMPANY INFORMATION

Directors	A A Dodd M B Jenkins J M E Saunders
Company secretary	F V Heazell
Registered number	00400725
Registered office	180 Great Portland Street London W1W 5QZ
Independent auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

CHESTERFIELD PROPERTIES LIMITED

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CHESTERFIELD PROPERTIES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

The directors present their report and the financial statements for the year ended 30 June 2017.

Principal activity

The principal activity of the Company is property investment.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Directors

The directors who served during the year and up until the date of signing were:

S G Carter (resigned 13 January 2017)
A A Dodd
M B Jenkins (appointed 13 January 2017)
J M E Saunders (appointed 13 January 2017)

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.

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP are deemed to be reappointed as auditor.

Small Companies Note

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 and signed on its behalf.



M B Jenkins
Director

Date: 26/3/2018

CHESTERFIELD PROPERTIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 to 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.

CHESTERFIELD PROPERTIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHESTERFIELD PROPERTIES LIMITED

Opinion

We have audited the financial statements of Chesterfield Properties Limited ("the company") for the year ended 30 June 2017 which comprise the statement of 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 :

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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.

CHESTERFIELD PROPERTIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHESTERFIELD PROPERTIES LIMITED (CONTINUED)

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.

Directors' responsibilities

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

Auditors' responsibilities

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

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

CHESTERFIELD PROPERTIES LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHESTERFIELD PROPERTIES
LIMITED (CONTINUED)**

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.



Richard Long (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 27 March 2018

CHESTERFIELD PROPERTIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 £	2016 £
Turnover	3	10,121	28,170
Cost of sales		(939)	168,093
Gross profit		9,182	196,263
Administrative expenses		(3,947)	(3,956)
Gain on revaluation of investment properties	8	14,000	33,000
Operating profit	4	19,235	225,307
Profit/(loss) on disposal of investments		5,496,461	-
Interest receivable and similar income	6	16,867,192	13,370,916
Profit before tax		22,382,888	13,596,223
Tax on profit	7	(4,414,093)	(2,720,489)
Profit for the financial year		17,968,795	10,875,734
Other comprehensive income		-	-
Total comprehensive income for the year		17,968,795	10,875,734

The notes on pages 9 to 17 form part of these financial statements.

CHESTERFIELD PROPERTIES LIMITED
REGISTERED NUMBER:00400725

BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 £	2016 £
Fixed assets			
Investment property	8	164,000	150,000
Investments	9	-	1,001
		<u>164,000</u>	<u>151,001</u>
Current assets			
Debtors: amounts falling due within one year	10	264,301,890	249,059,325
		<u>264,301,890</u>	<u>249,059,325</u>
Creditors: amounts falling due within one year	11	(7,020,307)	(9,733,538)
Net current assets		<u>257,281,583</u>	<u>239,325,787</u>
Total assets less current liabilities		<u>257,445,583</u>	<u>239,476,788</u>
Net assets		<u><u>257,445,583</u></u>	<u><u>239,476,788</u></u>
Capital and reserves			
Called up share capital	13	35,678,146	35,678,146
Share premium account		28,792,792	28,792,792
Capital redemption reserve		674,586	674,586
Profit and loss account		192,300,059	174,331,264
Shareholder's Funds		<u><u>257,445,583</u></u>	<u><u>239,476,788</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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



M B Jenkins
Director

Date: 26/3/2018.

CHESTERFIELD PROPERTIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2016	35,678,146	28,792,792	674,586	174,331,264	239,476,788
Comprehensive income for the year					
Profit for the year	-	-	-	17,968,795	17,968,795
Total comprehensive income for the year	-	-	-	17,968,795	17,968,795
At 30 June 2017	35,678,146	28,792,792	674,586	192,300,059	257,445,583

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2015	35,678,146	28,792,792	674,586	163,455,530	228,601,054
Comprehensive income for the year					
Profit for the year	-	-	-	10,875,734	10,875,734
Total comprehensive income for the year	-	-	-	10,875,734	10,875,734
At 30 June 2016	35,678,146	28,792,792	674,586	174,331,264	239,476,788

The notes on pages 9 to 17 form part of these financial statements.

CHESTERFIELD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention, except that investment properties are stated at their fair value. The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing the financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.2 Revenue

Rental income from investment properties leased out under operating leases is recognised in the Statement of Comprehensive Income on a straight-line basis over the life of the lease. Contingent rents, which comprise turnover rents, are recognised as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants. Surrender premiums received in advance of a tenant vacating are considered a component of rental income and are recognised over the remainder of the lease term.

Lease incentives are recognised as an integral part of the net consideration for use of the property and amortised on a straight-line basis over the life of the lease.

CHESTERFIELD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies (continued)

1.3 Investment property

Investment properties are stated at fair value as determined by the directors on a market value basis. Any gains or losses arising from changes in fair value are recognised in profit and loss in the period that they arise. In accordance with IAS 40 no depreciation is provided in respect of the Company's investment property. This represents a departure from the provision of the Companies Act 2006 which requires all properties to be depreciated. Such properties are held not for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might have otherwise have been charged cannot be separately identified.

1.4 Valuation of investments

Investments in subsidiaries are stated at cost less any provision for impairment in value.

1.5 Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the expected tax payable or receivable on 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.

(ii) Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the balance sheet. For investment property that is measured at fair value, deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised.

CHESTERFIELD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies (continued)

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements under IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements that are not readily apparent from other sources. However, the actual results may differ from these estimates. The key area where management has made significant judgements is around estimates regarding the valuation of properties on the balance sheet.

The key assumptions made in the valuation of the Company's investment properties are:

- the amount and timing of future income streams;
- anticipated maintenance costs and other landlord's liabilities; and
- an appropriate yield.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

3. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Rents receivable	10,121	28,170

All turnover arose within the United Kingdom.

CHESTERFIELD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

4. Operating profit

Fees of £1,000 (2016: £1,000) paid to the Company's auditor, KPMG LLP, for the audit of the Company have been wholly borne by a parent company, Quintain Limited. This cost forms part of a group management fee from the parent in the current and prior years.

Fees paid to the Company's auditor and its associates for services other than the statutory audit of the Company are not disclosed since the consolidated accounts of the parent are required to disclose non-audit fees on a consolidated basis.

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £Nil)

6. Interest receivable and similar income

	2017 £	2016 £
Interest receivable from group companies	<u>16,867,192</u>	<u>13,370,916</u>

7. Taxation

	2017 £	2016 £
Corporation tax		
Current tax (credit)/charge on profits for the year	<u>(2,720,489)</u>	<u>2,702,337</u>
	<u>(2,720,489)</u>	<u>2,702,337</u>
Deferred tax		
Origination and reversal of timing differences	<u>7,134,582</u>	<u>18,152</u>
Total deferred tax	<u>7,134,582</u>	<u>18,152</u>
Taxation on profit	<u>4,414,093</u>	<u>2,720,489</u>

CHESTERFIELD PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

7. Taxation (continued)

Factors affecting tax charge for the year

	2017 £	2016 £
Profit before tax	<u>22,382,888</u>	<u>13,596,223</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	4,420,620	2,719,245
Effects of:		
Impact of timing differences	(8,700)	(3,102)
Impact of tax rate change	2,173	4,346
Total tax charge for the year	<u><u>4,414,093</u></u>	<u><u>2,720,489</u></u>

8. Investment property

	Freehold investment property £
Valuation	
At 1 July 2016	150,000
Surplus on revaluation	14,000
At 30 June 2017	<u><u>164,000</u></u>

Investment properties were valued independently by the directors on the basis of market value and in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Where necessary, these valuations have been adjusted for the impact of incentives offered to tenants to enter into or renew leases as prescribed by SIC15, Operating Lease Incentives.

The historical cost of the Company's investment properties was £128,000 (2016: £128,000).

The company sold its remaining investment property after the year end at auction for the consideration of £187,500.

CHESTERFIELD PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

9. Investments

	Investments in subsidiary companies £
Cost	
At 1 July 2016	1,001
Amounts written off	(1,001)
 At 30 June 2017	 -

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Chestergrove Limited	England & Wales	Ordinary	100 %	Dormant

CHESTERFIELD PROPERTIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

10. Debtors

	2017 £	2016 £
Trade debtors	2,534	2,488
Amounts owed by group undertakings	264,264,081	241,887,036
Other debtors	203	147
Deferred taxation (refer note 12)	35,072	7,169,654
	<u>264,301,890</u>	<u>249,059,325</u>

Amounts owed by group undertakings bear interest at variable rates and are repayable on demand.

11. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	334	-
Intercompany group relief payment	7,016,190	9,729,532
Accruals and deferred income	3,783	4,006
	<u>7,020,307</u>	<u>9,733,538</u>

12. Deferred taxation

	2017 £	2016 £
Deferred tax asset		
At beginning of year	7,169,654	7,187,806
Charged to profit or loss	(7,134,582)	(18,152)
At end of year	<u>35,072</u>	<u>7,169,654</u>

CHESTERFIELD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

12. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	39,915	42,263
Advanced Corporations Tax	-	7,130,540
Revaluation of land and buildings	(4,843)	(3,149)
	<u>35,072</u>	<u>7,169,654</u>

On March 16 2016 the chancellor announced a reduction in the Corporation Tax Rate to 17% effective from 1 April 2020. This was substantively enacted 6 September 2016 and the tax has been calculated using this rate.

13. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
142,712,584 Ordinary shares of £0.25 each	<u>35,678,146</u>	<u>35,678,146</u>

14. Operating lease agreement - as lessor

The Company earns rental income by leasing its investment properties to tenants under non-cancellable operating leases.

At 30 June 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	9,950	9,950
Later than 1 year and not later than 2 years	9,950	9,950
Later than 2 years and not later than 5 years	29,850	29,850
Later than 5 years	79,600	89,550
Total	<u>129,350</u>	<u>139,300</u>

CHESTERFIELD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

15. Controlling party

At 31 December 2016 the Company's immediate parent was Quintain (Holdings) Limited, registered address 180 Great Portland Street, London, W1W 5QZ, a subsidiary of Bailey Acquisitions Limited, registered address 44 Esplanade, St Helier, Jersey, JE4 9WG. The only group in which results of the Company are consolidated is that headed by Bailey Acquisitions Limited. Group financial statements are available on request from 180 Great Portland Street, London W1W 5QZ. The ultimate controlling party is Lone Star Real Estate Fund IV, an entity incorporated in Bermuda.