

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
FOR  
Martin's Properties (Chelsea) Limited**

**COMPANY REGISTERED NUMBER : 00533856**



**Martin's Properties (Chelsea) Limited**

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For The Year Ended 31 March 2019**

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**Martin's Properties (Chelsea) Limited**

**COMPANY INFORMATION**

**For The Year Ended 31 March 2019**

**DIRECTORS:**

T H Martin

B S Tattar

R Bourne

**REGISTERED OFFICE:**

36 Walpole Street

London

SW3 4QS

**REGISTERED NUMBER:**

00533856 (England and Wales)

**Martin's Properties (Chelsea) Limited**

**REPORT OF THE DIRECTORS**

**For The Year Ended 31 March 2019**

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of property investment, development, management and maintenance.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

T H Martin

R C Bourne

B S Tattar

Other changes in directors holding office are as follows:

P W Nicholson (resigned 30 September 2018)

N Sachdev (resigned 31 December 2018)

Ms P A G Martin (resigned 5 June 2019)

Mrs E C Carlton-Smith (resigned 5 June 2019)

Mrs J Moriarty (resigned 5 June 2019)

**CHARITABLE CONTRIBUTIONS**

During the year the company made charitable donations totalling £9,200 (2018: 47,635)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

**AUDIT EXEMPTION STATEMENT**

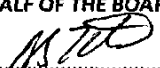
For the year ended 31 March 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**POST BALANCE SHEET EVENT**

A Group reorganisation took place post year-end. Further details can be found in note 21.

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

**ON BEHALF OF THE BOARD:**

  
.....  
B S Tattar - Director

Date: 30/10/17

**Martin's Properties (Chelsea) Limited**

**STATEMENT OF COMPREHENSIVE INCOME For The Year Ended 31 March 2019**

	Notes	2019 £	2018 £
<b>TURNOVER</b>	3	3,384,986	5,660,228
Direct property costs		<u>(360,808)</u>	<u>(762,510)</u>
<b>GROSS PROFIT</b>		3,024,178	4,897,718
Administrative expenditure		<u>(4,120,509)</u>	<u>(3,175,974)</u>
		(1,096,331)	1,721,744
Other operating income		-	(2,668)
FV gains on investment properties		<u>2,351,477</u>	<u>1,577,389</u>
<b>OPERATING PROFIT</b>	5	1,255,146	3,296,465
Interest receivable and similar income	6	8,138	255,233
Profit/loss on disposal of fixed asset investments		609,001	(28,425)
Interest payable and similar expenses	7	<u>(1,317,666)</u>	<u>(825,885)</u>
<b>PROFIT BEFORE TAXATION</b>		554,619	2,697,388
Tax on profit	8	<u>(1,160,611)</u>	<u>(527,755)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		(605,992)	2,169,633
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>(605,992)</u></u>	<u><u>2,169,633</u></u>

**Martin's Properties (Chelsea) Limited (Registered number: 00533856)**

**STATEMENT OF FINANCIAL POSITION as at 31 March 2019**

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	9	82,529,544	101,562,989
Investments	11	<u>23</u>	<u>100,024</u>
		82,529,567	101,663,013
<b>CURRENT ASSETS</b>			
Work in progress	10	4,449,092	-
Debtors	12	61,259,283	47,605,515
Cash at bank		<u>618,920</u>	<u>686,606</u>
		66,327,295	48,292,121
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	<u>(18,985,438)</u>	<u>(21,073,041)</u>
<b>NET CURRENT ASSETS</b>		<u>47,341,857</u>	<u>27,219,080</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		129,871,424	128,882,093
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	14	(27,591,966)	(24,594,681)
<b>PROVISIONS FOR LIABILITIES</b>	15	<u>(6,231,097)</u>	<u>(7,633,060)</u>
<b>NET ASSETS</b>		<u>96,048,361</u>	<u>96,654,352</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	1,504	1,504
Share premium	17	15,002,004	15,002,004
Fair value reserve	17	24,001,274	40,789,942
Retained earnings	17	<u>57,043,579</u>	<u>40,860,902</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>96,048,361</u>	<u>96,654,352</u>

**AUDIT EXEMPTION STATEMENT**

For the year ended 31 March 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**DIRECTORS RESPONSIBILITIES**

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors on 30/10/19 and were signed on its behalf by:



B Tattar - Director

**Martin's Properties (Chelsea) Limited**

**STATEMENT OF CHANGES IN EQUITY**  
**For The Year Ended 31 March 2019**

	Called up share capital £	Retained earnings £	Share premium £	Fair Value reserve £	Total equity £
<b>Balance at 1 April 2017</b>	1,504	35,022,763	15,002,004	44,458,448	94,484,719
<b>Changes in equity</b>					
Transfer of unrealised revaluation gains/(losses)	-	(1,577,389)	-	1,577,389	-
Transfer of short leasehold amortisation	-	193,726	-	(193,726)	-
Transfer of unrealised deferred tax	-	299,704	-	(299,704)	-
Transfer of realised deferred tax	-	(1,085,217)	-	1,085,217	-
Transfer of realised revaluations gains/(losses)	-	5,837,682	-	(5,837,682)	-
Total comprehensive income	-	2,169,633	-	-	2,169,633
<b>Balance at 31 March 2018</b>	1,504	40,860,902	15,002,004	40,789,942	96,654,352
<b>Changes in equity</b>					
Transfer of unrealised revaluation gains/(losses)	-	(2,351,477)	-	2,351,477	-
Transfer of short leasehold amortisation	-	28,785	-	(28,785)	-
Transfer of unrealised deferred tax	-	(1,401,963)	-	1,401,963	-
Transfer of realised deferred tax	-	-	-	-	-
Transfer of realised revaluations gains/(losses)	-	20,513,323	-	(20,513,324)	-
Total comprehensive income	-	(605,991)	-	-	(605,991)
<b>Balance at 31 March 2019</b>	1,504	57,043,579	15,002,004	24,001,273	96,048,361

**Martin's Properties (Chelsea) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 31 March 2019**  
**1. STATUTORY INFORMATION**

Martin's Properties (Chelsea) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the *Company Information page*

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Related party exemption**

The company has taken advantage of the exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Critical accounting judgements and key sources of estimation uncertainty**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to valuation of investment properties. The directors use information provided by third party chartered surveyors to revalue investment properties to their fair value at year end date. The fair value of the investment properties is usually considered to be their market value.

**Turnover**

Turnover represents rent and other property income receivable in the period and is stated exclusive of Value Added Tax.

**Tangible fixed assets**

Tangible fixed assets other than investment properties are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets other than investment properties (except where the lease term is less than 20 years) at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:-

Leasehold investment properties	Over the lease term
Plant and machinery	10%/20%/33% straight line

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in the profit and loss account.

The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view. The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use are recognised as impairments. Impairments of revalued assets are recognised in the profit and loss account.

**Investments in subsidiaries**

Fixed asset investments are stated at cost less provision for impairment.

**Work in progress**

Land and developments held for sale are work in progress and are included in the Balance Sheet at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to completion and estimated costs necessary to make the sale.



**ACCOUNTING POLICIES - continued**

**Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

**Deferred tax**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allowed for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Finance costs**

Recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

**Going concern**

The Company's investment properties are let to a variety of tenants and generate rental income substantially in excess of finance and administration costs, generating a positive cash flow. The value of the Company's assets is substantially in excess of its liabilities. Accordingly, the directors consider that the Company should be able to pay its liabilities as they fall due for the foreseeable future and consequently have concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements.

**Martin's Properties (Chelsea) Limited****NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 March 2019****3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company. An analysis of turnover by class of business is given below:

	2019	2018
	£	£
Rent receivable	3,384,986	3,665,396
Management fees and other	-	1,994,832
	<u>3,384,986</u>	<u>5,660,228</u>

**4. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 23 (2018: 23)

Staff costs include pension contributions of £33,896 (2018: £34,150)

**5. OPERATING PROFIT**

	2019	2018
	£	£
The profit on ordinary activities before taxation is stated after charging:		
Amortisation of short leasehold properties	21,552	217,631
Depreciation - owned assets	10,486	50,675
Auditor's remuneration - audit of statutory financial statements	-	18,200
- taxation compliance and advisory work	8,800	11,700
Director's emoluments (including benefits in kind)	1,441,659	904,338

The highest paid director had gross emoluments of £462,152 (2018: £278,845)

During the year, the Company paid defined pensions contributions of £8,640 (2018: £7,600) for one director.

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019	2018
	£	£
Interest receivable	8,138	2,238
From related parties	-	252,995
	<u>8,138</u>	<u>255,233</u>

Interests receivable from related parties refer to interest from the Martin of Chelsea Executive Pension Scheme.

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019	2018
	£	£
Bank loan interests	814,959	794,728
To related parties	474,265	-
Amortisation of finance costs	28,442	31,157
	<u>1,317,666</u>	<u>825,885</u>

Finance costs refer to the amortisation of loan arrangement fees.

**Martin's Properties (Chelsea) Limited**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**For The Year Ended 31 March 2019**

**8. TAXATION**

Analysis of the tax charge	2019	2018
	£	£
The tax charge on the profit for the year was as follows		
Current tax:		
UK corporation tax	2,562,574	1,313,268
Deferred tax	(1,401,963)	(785,513)
Tax on profit	<u>1,160,611</u>	<u>527,755</u>

**9. TANGIBLE FIXED ASSETS**

	Investment properties £	Plant and machinery etc £	Totals £
<b>COST OR VALUATION</b>			
At 1 April 2018	103,053,652	299,966	103,353,618
Additions	4,547,359	5,259	4,552,618
Disposals	(24,099,000)	-	(24,099,000)
Transfers into work in progress	(1,777,722)	-	(1,777,722)
Revaluations	2,322,693	-	2,322,693
	<u>84,046,982</u>	<u>305,225</u>	<u>84,352,207</u>
At 31 March 2019			
<b>DEPRECIATION</b>			
At 1 April 2018	1,509,930	280,699	1,790,629
Charge for year	21,552	10,482	32,034
	<u>1,531,482</u>	<u>291,181</u>	<u>1,822,663</u>
At 31 March 2019			
<b>NET BOOK VALUE</b>			
At 31 March 2019	<u>82,515,500</u>	<u>14,044</u>	<u>82,529,544</u>
At 31 March 2018	<u>101,543,722</u>	<u>19,267</u>	<u>101,562,989</u>

The fair value of the Company's investment properties at 31 March 2019 was calculated by the directors on the basis of information provided by third party chartered surveyors.

On an historical cost basis the investment properties would have been included at:

	2019	2018
	£	£
Cost	<u>51,247,770</u>	<u>53,400,078</u>
Investment properties at cost comprise		
Freehold	50,424,263	50,321,737
Long leasehold	642,115	2,852,646
Short leasehold	<u>181,392</u>	<u>225,695</u>
	<u>51,247,770</u>	<u>53,400,078</u>

**10. WORK IN PROGRESS**

	2019	2018
	£	£
Work in progress	<u>4,449,092</u>	-
	<u>4,449,092</u>	-

No earlier work in progress write downs have been reversed during the current, or proceeding, period.

**Martin's Properties (Chelsea) Limited****NOTES TO THE FINANCIAL STATEMENTS - continued****For The Year Ended 31 March 2019****11. FIXED ASSET INVESTMENTS**

	Shares in group undertakings and investments
	£
Cost	100,024
Disposals	(100,001)
At 31 March 2019	<u>23</u>

Name		Holding
Martin's Properties (No.1) Ltd	Ordinary	82.14%

The accounting year end for Martin's Properties (No.1) Ltd is the 31 March and the company is registered in England and Wales.

<b>12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	2019	2018
	£	£
Trade debtors	61,752	3,082,945
Amounts owed by group undertakings	59,494,504	43,607,826
Other debtors	761,359	261,484
Other tax and social security costs	388,439	-
Prepayments and accrued income	553,230	653,260
	<u>61,259,284</u>	<u>47,605,515</u>

Included in amounts due from related parties is a loan to The Martin of Chelsea Executive Pension Scheme of £5,350,000 (2018: £5,350,000) which carries an interest rate of 6.00% pa. Other amounts included in this category are due from group undertakings and are interest free, unsecured and repayable on demand.

<b>13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	2019	2018
	£	£
Trade creditors	53,481	1,312,558
Amounts owed to group undertakings	16,852,790	16,461,387
Tax	232,807	1,727,723
Social security and other taxes	136,295	403,975
Other creditors	238,256	138,643
Accruals and deferred income	1,471,809	1,028,755
	<u>18,985,438</u>	<u>21,073,041</u>

Amounts due to related parties above are interest free, unsecured and repayable on demand

**Martin's Properties (Chelsea) Limited****NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 31 March 2019****14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019	2018
	£	£
Bank loans	27,907,525	24,907,525
Unamortised arrangement costs	(315,559)	(312,844)
	<u>27,591,966</u>	<u>24,594,681</u>

**15. PROVISIONS FOR LIABILITIES**

	2019	2018
	£	£
Deferred tax	<u>6,231,097</u>	<u>7,633,060</u>

	£
Balance at 1 April 2018	7,633,060
Credit to Statement of Comprehensive Income during year	(1,401,963)
Balance at 31 March 2019	<u>6,231,097</u>

**16. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:	2019	2018
Number: Class:	£	£
1,504 Ordinary	<u>1,504</u>	<u>1,504</u>

**17. RESERVES**

Reserves of the Company represent the following:

**Fair value reserve**

The fair value reserve represents unrealised profits that have been transferred from the profit and loss reserve (in respect of land and buildings). As these profits become realised they are transferred back to the profit and loss account.

**Share premium**

Consideration issued for shares issued above the nominal value of those shares net of any transaction costs

**Retained earnings**

Retained earnings represent accumulated comprehensive income for the year and prior periods.

**18. CONTINGENT LIABILITIES**

The company has provided a guarantee in respect of a group VAT registration of which it is a member. At the year end the net liability under the guarantee was £304,576 (2018: £123,130)

**Martin's Properties (Chelsea) Limited**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**For The Year Ended 31 March 2019**

**19. CAPITAL COMMITMENTS**

Contracted but not provided for in the financial statements

The contracted commitment relates to the redevelopment of property.

2019	2018
£	£
4,843,000	328,950

**20. RELATED PARTY TRANSACTIONS**

		Value of transactions		Debtor/ (creditor) balances	
		2019	2018	2019	2018
		£	£	£	£
Name	Nature				
GH Martin Will Trust	Current a/c	27,021	39,375	2,580	-
KH Martin Will Trust	Current a/c	19,668	10,943	5,100	-
GH Martin Family Settlement	Current a/c	13,428	10,103	2,580	-
KH Martin Family Settlement	Current a/c	9,828	10,103	2,580	-
Peter Martin Children's Settlement	Current a/c	9,461	92,150	114,180	-
Martin's Properties (T1) LLP	Current a/c	297,634	343,293	77,324	-
The Martin of Chelsea Executive	Current a/c	5,737,306	37,641	(1,741,790)	10,788
Pension Scheme	Loan	-	3,450,000	5,350,000	5,350,000
	Interest				
	(payable)	(474,265)	252,995	-	256,487
	/receivable				

The current account balances comprise of management fees received, rent received and payable and costs recharged.

**21. POST BALANCE SHEET EVENTS**

On the 7th May 2019 a reorganisation of the Martin's Properties Holdings Group took place. The Group was split into two independent property owning Groups and a number of subsidiaries were transferred to entities of common ownership.

These transactions had no impact for corporation tax purposes.

**22. CONTROL**

The parent company at 31 March 2019 was Martin's Properties Holdings Limited, a company registered in England and Wales. The ultimate parent company is Martin's Family Holdings Limited, a company registered in England and Wales