

**COMPANY REGISTRATION NUMBER: 00597053**

**ERNTROL PROPERTY CO. LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**31 MARCH 2020**

**COHEN ARNOLD**  
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1075 Finchley Road  
London  
NW11 0PU



**ERNTROL PROPERTY CO. LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

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# **ERNTRON PROPERTY CO. LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 MARCH 2020**

The directors present their report and the unaudited financial statements of the company for the year ended 31 March 2020.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is property investment in commercial and residential properties in the UK. From time to time the company undertakes new developments and also the redevelopment of its existing properties. The company's business model is generally to hold its properties for the long term in order to generate rental income and capital appreciation. However, each of the company's investment properties is considered to be potentially for sale in the right circumstances. There has been no significant change in the nature of the company's business activities during the year under review, nor is any envisaged in the immediate future.

### **DIRECTORS**

The directors who served the company during the year were as follows:

Mr B S E Freshwater  
Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation. Neither director has a service contract with the company.

The majority of the day-to-day management of the company's properties and its operations is carried out by Freshwater Property Management Limited and Highdorn Co. Limited. Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of, either of these companies.

Mr BSE Freshwater and Mr D Davis are also Trustees of the parent undertaking of Freshwater Property Management Limited, but have no beneficial interest in that company.

### **RESULTS AND DIVIDENDS**

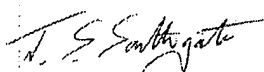
The results for the year are set out in the attached profit and loss account and explanatory notes. The financial position of the company at the year end is set out in the attached balance sheet and explanatory notes.

The company did not pay a dividend in the year (2019: £nil). The directors do not propose a final dividend for the year (2019: £nil).

### **EVENTS AFTER THE END OF THE REPORTING PERIOD**

Particulars of events after the reporting date are detailed in note 16 to the financial statements.

This report was approved by the board of directors on **24 MAR 2021** and signed on behalf of the board by:



**J S Southgate**  
Company Secretary

Registered office:  
Freshwater House  
158-162 Shaftesbury Avenue  
LONDON  
WC2H 8HR

**ERNTRON PROPERTY CO. LIMITED**  
**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**  
**YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
<b>TURNOVER</b>	<b>4</b>	<b>43,395</b>	<b>43,937</b>
Cost of sales		<u>(1,875)</u>	<u>(6,415)</u>
<b>GROSS PROFIT</b>		<b>41,520</b>	<b>37,522</b>
Administrative expenses		(4,346)	(4,200)
Net valuation deficit on investment property		(40,000)	(66,535)
Profit on disposal of investment property		<u>—</u>	<u>19,985</u>
<b>OPERATING LOSS</b>		<b>(2,826)</b>	<b>(13,228)</b>
Interest payable and similar expenses	<b>6</b>	<u>(583)</u>	<u>(56)</u>
<b>LOSS BEFORE TAXATION</b>		<b>(3,409)</b>	<b>(13,284)</b>
Tax on loss	<b>7</b>	<u>(11,227)</u>	<u>1,643</u>
<b>LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME</b>		<b><u>(14,636)</u></b>	<b><u>(11,641)</u></b>

All the activities of the company are from continuing operations.

The notes on pages 6 to 14 form part of these financial statements.

# ERNROL PROPERTY CO. LIMITED

## BALANCE SHEET

31 MARCH 2020

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Investment Properties	8	560,325	600,325
<b>CURRENT ASSETS</b>			
Debtors	9	2,539	977
Cash at bank and in hand		<u>13,772</u>	<u>22,044</u>
		16,311	23,021
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(832,686)</u>	<u>(869,035)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(816,375)</u>	<u>(846,014)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(256,050)</u>	<u>(245,689)</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	11	<u>(105,208)</u>	<u>(100,933)</u>
<b>NET LIABILITIES</b>		<u>(361,258)</u>	<u>(346,622)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	10	10
Profit and loss account	14	<u>(361,268)</u>	<u>(346,632)</u>
<b>TOTAL EQUITY</b>		<u>(361,258)</u>	<u>(346,622)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

For the year ending 31 March 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The balance sheet  
continues on the following page.

The notes on pages 6 to 14 form part of these financial statements.

**ERNTROL PROPERTY CO. LIMITED**

**BALANCE SHEET** *(continued)*

**31 MARCH 2020**

These financial statements were approved by the board of directors and authorised for issue on **24 MAR 2021**, and are signed on behalf of the board by:

  
**B S E Freshwater**  
Director

Company registration number: 00597053

The notes on pages 6 to 14 form part of these financial statements.

**ERNROL PROPERTY CO. LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Profit and loss account £	Total £
<b>AT 1 APRIL 2018</b>	10	(334,991)	(334,981)
Loss for the year	—	(11,641)	(11,641)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	—	(11,641)	(11,641)
<b>AT 31 MARCH 2019</b>	10	(346,632)	(346,622)
Loss for the year	—	(14,636)	(14,636)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	—	(14,636)	(14,636)
<b>AT 31 MARCH 2020</b>	<u>10</u>	<u>(361,268)</u>	<u>(361,258)</u>

The notes on pages 6 to 14 form part of these financial statements.

**ERNTRON PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**1. GENERAL INFORMATION**

Erntrol Property Co. Limited (the "Company") is a company limited by shares and incorporated in the UK. The Company's Registered Office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. The presentation currency of these financial statements is sterling.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in compliance with the provisions applicable to companies subject to the small companies' regime and voluntarily adopting the disclosure requirements of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention except that investment property is measured at fair value.

The outbreak of Covid-19 in the first six months of 2020 has had a negative impact on the UK economy as a whole. Uncertainty surrounding Brexit and the associated potential financial costs may also have a negative impact on the business operations of the company. These risks are beyond the control of the directors and represent uncertainty to the financial position of the company for the foreseeable future.

Notwithstanding these uncertainties and the net liabilities of the company, the directors have concluded that it is appropriate for the financial statements to be prepared in accordance with the accounting principles appropriate to a going concern, as the directors have a reasonable expectation that the company has adequate resources under all plausible circumstances to continue in operational existence for the foreseeable future by meeting its liabilities and commitments as they fall due.

In reaching the above conclusion, the directors have also had regard for the provision of support by Metropolitan Properties Company Limited, a connected company, that, for at least 12 months from the date of approval of these financial statements, it will continue to make available working capital funds as are needed to the company. Metropolitan Properties Company Limited has considerable financial resources together with a large property portfolio and access to credit facilities.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

**ERNTROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2020**

**3. ACCOUNTING POLICIES** *(continued)*

**Disclosure exemptions**

In these financial statements, the company is considered to be a small company (for the purposes of this FRS) and has applied the exemptions available under FRS102 in respect of the following disclosures:

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

**Turnover**

Turnover comprises rents and service charges receivable. Rental income from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the period to the first break clause. Lease incentives granted to tenants are recognised on a straight line basis over the period to the first break clause. Service charge income is recognised as the services are provided.

**Property outgoings**

The costs of repairs are recognised in the profit and loss account in the year in which they are incurred.

**Taxation**

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

**ERNTRON PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2020**

**3. ACCOUNTING POLICIES** *(continued)*

**Taxation** *(continued)*

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rate and allowances applicable to the sale of the property.

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

**Investment properties**

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

Subsequent to initial recognition

- Investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the profit and loss account in the period that they arise; and
- No depreciation is provided in respect of investment properties applying the fair value model.

Investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

**Disposals of properties**

The company generally holds its properties for the long term in order to generate rental income and capital appreciation although in the right circumstances any property could be available for sale. When an outright sale does occur the resulting surplus based on the excess of sales proceeds over valuation is included within the company's profit on ordinary activities, and taxation applicable thereto is shown as part of the taxation charge. Disposals are recognised on the date the significant risks and rewards of ownership have been transferred. In addition the company also 'sells' leasehold extensions when requested by leaseholders. The proceeds of these leasehold extension sales, less directly applicable costs, are also included in profit on disposal of investment properties.

**Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

**ERNROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2020**

**3. ACCOUNTING POLICIES** *(continued)*

**Basic financial instruments**

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**Trade and other debtors**

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

**Trade and other creditors**

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

**Income and expenses**

**Interest receivable and interest payable:**

Interest receivable and interest payable are recognised in the profit and loss account as they accrue, using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or redevelopment of an asset that takes a substantial time to be prepared for use are expensed as incurred.

**4. TURNOVER**

Turnover arises from:

	2020	2019
	£	£
Rent receivable	<u>43,395</u>	<u>43,937</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

**5. PARTICULARS OF EMPLOYEES**

No salaries or wages have been paid to employees, including the directors, during the year (2019: £Nil).

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£	£
Interest on banks loans and overdrafts	<u>583</u>	<u>56</u>

**ERNTROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2020**

**7. TAX ON LOSS**

**Major components of tax expense/(income)**

	2020 £	2019 £
<b>Current tax:</b>		
UK current tax expense	6,952	10,118
Adjustments in respect of prior periods	—	(527)
Total current tax	<u>6,952</u>	<u>9,591</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(7,600)	(11,234)
Impact of change in tax rate	11,875	—
Total deferred tax	<u>4,275</u>	<u>(11,234)</u>
<b>Tax on loss</b>	<u>11,227</u>	<u>(1,643)</u>

All tax is recognised in the profit and loss account.

**Reconciliation of tax expense/(income)**

The tax assessed on the loss on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Loss on ordinary activities before taxation	(3,409)	(13,284)
Loss on ordinary activities by rate of tax	(648)	(2,524)
Adjustment to tax charge in respect of prior periods	—	(527)
Impact of change in tax rate	11,875	—
Timing differences on unrealised gains	—	1,408
<b>Tax on loss</b>	<u>11,227</u>	<u>(1,643)</u>

**Factors that may affect future tax expense**

It was announced in the March 2020 Budget that the planned reduction in the UK corporation tax rate to 17%, which was to be effective from 1 April 2020, would not be implemented. This change was substantively enacted on 17 March 2020.

The deferred tax liability at 31 March 2020 has been calculated based on the rate of 19% (2019: 17%).

**ERNTRON PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2020**

**8. INVESTMENT PROPERTIES**

	<b>Freehold property £</b>
<b>Fair Value</b>	
At 1 April 2019	600,325
Revaluations	<u>(40,000)</u>
<b>At 31 March 2020</b>	<b><u>560,325</u></b>
<b>Carrying amount</b>	
At 31 March 2020	<u>560,325</u>
At 31 March 2019	<u>600,325</u>

**Investment Properties held at valuation**

An independent professional revaluation of the Company's property was carried out at 31 March 2020 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The revaluation figures are based on open market value assessed in accordance with the RICS Valuation - Professional Standards (2014).

The valuer's report for the year ended 31 March 2020 contained a 'material uncertainty' clause due to the disruption to the market at that date caused by the Covid-19 pandemic. The inclusion of this clause indicates that there is substantially more uncertainty than normal and therefore a higher likelihood that the assumptions upon which the external valuer has based its valuations prove to be inaccurate.

**Valuation techniques and key inputs**

The company's commercial units (£560,325, 2019: £600,325) were valued using the income capitalisation method, requiring the application of an appropriate market based yield to net operating income. Adjustments are made to allow for voids when less than five years are left under the current tenancy and to reflect market rent at the point of lease expiry or rent review. The equivalent yield used was 7.44% (2019: 6.94%) and the estimated rental value used was £42.96 per square foot (2019: £42.96).

**Historical cost model**

The historical cost of investment properties at 31 March 2020 is £4,369 (2019: £4,369).

**9. DEBTORS**

	<b>2020 £</b>	<b>2019 £</b>
Trade debtors	2,003	444
Other debtors	<u>536</u>	<u>533</u>
	<b><u>2,539</u></b>	<b><u>977</u></b>

All debtors are repayable within one year or repayable on demand.

**ERNTROL PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2020**

**10. CREDITORS: amounts falling due within one year**

	2020	2019
	£	£
Trade creditors	10,644	10,641
Corporation tax	17,070	17,807
Other creditors	804,972	840,587
	<u>832,686</u>	<u>869,035</u>

All creditors are repayable within one year or repayable on demand. Other creditors includes amounts aggregating £777,592 (2019 - £813,280) due to companies whose directors include the directors of this company and £14,185 (2019 - £14,185) due to the trustees of a family settlement. The amounts are all interest-free and effectively repayable on demand.

**11. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred tax (note 12) £
At 1 April 2019	100,933
Charge for the year	4,275
At 31 March 2020	<u>105,208</u>

**12. DEFERRED TAX**

The deferred tax included in the balance sheet is as follows:

	2020	2019
	£	£
Included in provisions for liabilities and charges (note 11)	<u>105,208</u>	<u>100,933</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Revaluation of investment properties	<u>105,208</u>	<u>100,933</u>

**13. CALLED UP SHARE CAPITAL**

**Issued, called up and fully paid**

	2020		2019
	No.	£	No.
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>

**14. CAPITAL AND RESERVES**

Called-up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

**ERNTRON PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2020**

**15. COMMITMENTS UNDER OPERATING LEASES**

**As lessor**

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	<b>43,813</b>	43,813
Later than 1 year and not later than 5 years	<b>175,251</b>	175,251
Later than 5 years	<b>285,056</b>	328,989
	<u><b>504,120</b></u>	<u>548,053</u>

**16. EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 11 March 2020, the World Health Organization declared Covid-19 a pandemic. The Covid-19 pandemic is expected to severely affect the wider macro economy and the specific market the company operates in. Whilst the valuation of investment property included in these financial statements reflects the impact of the Covid-19 pandemic and associated lockdown at the year end, it is expected that subsequent to the year end, property valuations will decline further. It is accepted that current values are likely to be lower than those stated in the financial statements. The full financial effects on the valuation of investment property cannot currently be quantified.

**17. RELATED PARTY TRANSACTIONS**

The majority of the day-to-day management of the company's property and its operations is carried out by Freshwater Property Management Limited ("FPM") and Highdorn Co. Limited ("Highdorn"). Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of either FPM or Highdorn.

Mr BSE Freshwater and Mr D Davis are also Trustees of the parent undertaking of FPM, but have no beneficial interest in that company.

In their capacity as property managing agents, FPM and Highdorn collect rents and incur direct property expenses on behalf of the company. During the year £1,035 (2019: £3,731), including VAT, was payable to FPM and £600 (2019: £600), including VAT, was payable to Highdorn for these services which were charged for at normal commercial rates.

The amount owing to FPM at 31 March 2020 for these services is £215 (2019: £263) and in the case of Highdorn it is £nil (2019: £nil).

**18. CONTROLLING PARTY**

The company is under the control of Mr B S E Freshwater and his family.

**ERNTRON PROPERTY CO. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
**YEAR ENDED 31 MARCH 2020**

**19. ACCOUNTING ESTIMATES AND JUDGEMENTS**

**i. Property valuations**

The valuation of the company's property portfolio is inherently subjective, depending on many factors, including the individual nature of each property, its location and expected future net rental values, market yields and comparable market transactions (as set out in Note 8). Therefore the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of difficult market or economic conditions. As noted in Note 3 above, all the company's properties are valued by external valuers with appropriate qualifications and experience.

**ii. Trade debtors**

Management uses details of the age of trade debtors and the status of any disputes together with external evidence of the credit status of the counterparty in making judgements concerning any need to impair the carrying values.