

Company Registration No. 00674041 (England and Wales)

CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

PAGES FOR FILING WITH REGISTRAR

CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020	2019
	Notes	£	£
Fixed assets			
Tangible assets	4	41,318	49,327
Investment properties	5	270,000	355,000
Investments	6	615,000	615,000
		<u>926,318</u>	<u>1,019,327</u>
Current assets			
Stocks		381,593	381,593
Debtors	7	7,528,388	8,364,884
Investments	8	992,704	893,920
Cash at bank and in hand		747,001	979,445
		<u>9,649,686</u>	<u>10,619,842</u>
Creditors: amounts falling due within one year	9	(12,155,819)	(13,111,181)
Net current liabilities		<u>(2,506,133)</u>	<u>(2,491,339)</u>
Total assets less current liabilities		<u>(1,579,815)</u>	<u>(1,472,012)</u>
Provisions for liabilities		<u>(1,659)</u>	<u>(16,291)</u>
Net liabilities		<u>(1,581,474)</u>	<u>(1,488,303)</u>
Capital and reserves			
Called up share capital		75,000	75,000
Non distributable reserve		131,145	280,765
Profit and loss reserves		(1,787,619)	(1,844,068)
Total equity		<u>(1,581,474)</u>	<u>(1,488,303)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 9 September 2021 and are signed on its behalf by:

S J Wiseman

Director

Company Registration No. 00674041

CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Charter House Square Finance Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is 62 Grosvenor Street, London, United Kingdom, W1K 3JF.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

The company has support of the ultimate holding company, in providing adequate funds to meet its liabilities as they fall due. In addition the Group's forecast and projections show that the Group should have adequate resources to continue in operational existence for at least 12 months after signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover is represented by rental income; service charges; management fees; share dealings and dividends receivable on investments held.

Management fees are recognised when, and to the extent that, the company obtains the right to consideration in exchange for performance of management services.

Rental and service charge income is recognised on a receivable basis, exclusive of Value Added Tax. The cost of lease incentives is offset against the total rents due and the net income is then spread evenly over the duration of the lease.

Dividend income is recognised in the income statement on a receivable basis.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% on cost or 15% on written down value
Fixtures and fittings	20% on cost or 15% on written down value
Motor vehicles	25% on written down value

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

Investment properties

The fair value of the company's investment property as at 31 December 2020 was determined by the Directors. The valuations are in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation - Professional Standards ("The Red Book") and the International Valuation Standards and were arrived at by reference to market transactions for similar properties. Fair values for investment properties are calculated using the present value income approach. The main assumptions underlying the valuations are in relation to rent profile and yields. A key driver of the property valuations is the terms of the leases in place at the valuation date. These determine the cash flow profile of the property for a number of years. The valuation assumes adjustments from these rental values to current market rent at the time of the next rent review (where a typical lease allows only for upward adjustment) and as leases expire and are replaced by new leases. The current market level of rent is assessed based on evidence provided by the most recent relevant leasing transactions and negotiations. The nominal equivalent yield is applied as a discount rate to the rental cash flows which, after taking into account other input assumptions such as vacancies and costs, generates the market value of the property. The equivalent yield applied is assessed by reference to market transactions for similar properties and takes into account, amongst other things, any risks associated with the rent uplift assumptions.

The net initial yield is calculated as the current net income over the gross market value of the asset and is used as a sense check and to compare against market transactions for similar properties. The valuation output, along with inputs and assumptions, are reviewed to ensure these are in line with what a market participant would use when pricing each asset.

There are inter relationships between all inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the input on the valuation. The impact on the valuation will be mitigated by the interrelationship of two inputs in opposite directions.

Recoverability of investments

The directors remain in regular contact with Redress Solutions plc and are satisfied that the investment is represented at Fair Value as at the Balance Sheet date and the loan provided to the Company is recoverable.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	5	5
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CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2020	215,743
Additions	977
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At 31 December 2020	216,720
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Depreciation and impairment	
At 1 January 2020	166,416
Depreciation charged in the year	8,986
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At 31 December 2020	175,402
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Carrying amount	
At 31 December 2020	41,318
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At 31 December 2019	49,327
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5 Investment property

	2020 £
Fair value	
At 1 January 2020	355,000
Revaluations	(85,000)
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At 31 December 2020	270,000
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The fair value at 31 December 2020 is represented by:	
Cost	138,855
Valuation in 2015	91,145
Valuation in 2017	70,000
Valuation in 2018	45,000
Valuation in 2019	10,000
Valuation in 2020	(85,000)
	<hr/>
	270,000
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If the investment property had not been revalued it would have been included at the historical cost of £138,855 (2019: £138,855).

Investment property was valued on an open market basis on 31 December 2020 by W Gear, a member of RICS, an employee of the group.

CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

6 Fixed asset investments

	2020 £	2019 £
Shares in group undertakings and participating interests	15,000	15,000
Loans to group undertakings and participating interests	600,000	600,000
	<u>615,000</u>	<u>615,000</u>

7 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	53,061	53,060
Corporation tax recoverable	7	80,870
Amounts owed by group undertakings	1,238,176	1,237,619
Amounts owed by related parties	5,683,748	6,383,751
Other debtors	553,396	609,584
	<u>7,528,388</u>	<u>8,364,884</u>

8 Current asset investments

	2020 £	2019 £
Listed investments	<u>992,704</u>	<u>893,920</u>

9 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	33,977	10,257
Amounts owed to group undertakings	6,456,359	7,417,747
Amounts owed to related parties	5,468,037	5,463,498
Taxation and social security	171,451	174,672
Other creditors	25,995	45,007
	<u>12,155,819</u>	<u>13,111,181</u>

Amounts owed to group undertakings are interest free and repayable on demand.

CHARTER HOUSE SQUARE FINANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was David Green MA (Cantab) ACA and the auditor was Azets Audit Services.

11 Ultimate controlling party

Corob Consolidated Limited, incorporated in England and Wales, is the company's immediate parent company, ultimate parent company and controlling party.

The largest and smallest group of undertakings for which group accounts are drawn up is that headed by Corob Consolidated Limited, the consolidated accounts of which are available from Companies House.

12 Impact of Covid 19

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern.

The Company continues to carry out regular detailed reviews of the potential impacts of COVID-19 and monitor developments closely. As at the date of this report, the company's position continues to remain strong and acknowledges that the full effect on the company's income and property assets remains to be seen.

13 Related party transactions

Transactions with group companies

The company has taken advantage of 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.

Redress Solutions Plc

The company had advanced monies to a related undertaking, Redress Solutions Plc, a company that had a director in common in the prior year.

During the year the loan was impaired by £Nil (2019: £277,044), to bring the total invested to £615,000 (2019: £615,000). The loan is interest free and repayable on demand.

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