

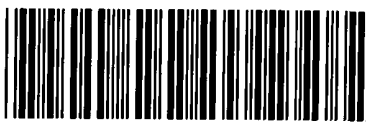
Metropolitan Properties Co (F.G.C) Limited

**Directors' report and financial
statements**

Registered number 00866347

For the year ended 31 December 2016

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

The Company's registered number is 00866347.

Principal activities and business review

The principal activity of the Company is property investment in commercial, industrial and residential properties in the UK. From time to time the Company undertakes new developments and also the redevelopment of 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.

Results and dividends

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

The Company did not pay a dividend in the year (2015: £nil). The directors do not propose a final dividend for the year (2015: £nil).

Directors and directors' interests

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

BSE Freshwater (Chairman)
D Davis

The Articles of Association of the Company do not require the directors to retire by rotation.

The directors do not have service contracts.

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

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the relevant steps they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


MRM Jenner
Secretary

Registered Office
Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8H
28 September 2017

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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;
- 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 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.

By order of the board


MRM Jenner
Secretary

Registered Office
Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8HR
28 September 2017

Independent auditor's report to the members of Metropolitan Properties Co (F.G.C) Limited

We have audited the financial statements of Metropolitan Properties Co (F.G.C) Limited for the year ended 31 December 2016 set out on pages 4 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Bill Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
28 September 2017

Profit and loss account and other comprehensive income
for the year ended 31 December 2016

	<i>Note</i>	2016 £	2015 £
Turnover	2	4,558,504	5,067,291
Property outgoings		(3,307,222)	(3,107,285)
Rents and service charges receivable less property outgoings		1,251,282	1,960,006
Profit on disposal of investment property		985,255	860,652
Net valuation gains on investment property	7	8,881,436	4,420,143
Administrative expenses		(551,590)	(442,750)
Provision against amounts due from fellow subsidiary companies		(6,190,095)	4,281,607
Operating profit	3	4,376,288	11,079,658
Net interest receivable	4	4,039,743	2,932,046
Profit on ordinary activities before taxation		8,416,031	14,011,704
Tax on profit on ordinary activities	6	(414,183)	(721,220)
Profit and total comprehensive income for the financial year		8,001,848	13,290,484

The notes on pages 7 to 17 form part of these financial statements.

All of the company's activities are continuing.

Statement of changes in equity
for the year ended 31 December 2015

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2015	1,000	103,229,664	103,230,664
Profit and total comprehensive income for the financial year	-	13,290,484	13,290,484
Balance at 31 December 2015	1,000	116,520,148	116,521,148

for the year ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2016	1,000	116,520,148	116,521,148
Profit and total comprehensive income for the financial year	-	8,001,848	8,001,848
Balance at 31 December 2016	1,000	124,521,996	124,522,996

The notes on pages 7 to 17 form part of these financial statements.

Balance sheet
at 31 December 2016

	<i>Note</i>	2016		2015	
		£	£	£	£
Fixed assets					
Investment property	7	75,661,690		66,780,254	
Investment in subsidiaries	8	23,613,156		23,613,156	
		<u>99,274,846</u>		<u>90,393,410</u>	
Current assets					
Debtors	9	120,669,033	116,626,794		
Cash at bank and in hand		4,211,706	3,218,766		
		<u>124,880,739</u>	<u>119,845,560</u>		
Creditors: amounts falling due within one year	10	(90,170,673)	(85,143,338)		
		<u>34,710,066</u>	<u>34,702,222</u>		
Net current assets					
		<u>133,984,912</u>	<u>125,095,632</u>		
Total assets less current liabilities					
Provisions for liabilities and charges	11	(9,461,916)	(8,574,484)		
		<u>124,522,996</u>	<u>116,521,148</u>		
Net assets					
		<u>124,522,996</u>	<u>116,521,148</u>		
Capital and reserves					
Called up share capital	12	1,000	1,000		
Profit and loss account		124,521,996	116,520,148		
		<u>124,522,996</u>	<u>116,521,148</u>		
Equity shareholders' funds					
		<u>124,522,996</u>	<u>116,521,148</u>		

The notes on pages 7 to 17 form part of these financial statements.

These financial statements were approved by the board of directors on 28 September 2017 and were signed on its behalf by:


BSE Freshwater
 Director

Company registered number: 00866347

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

Metropolitan Properties Co (F.G.C) 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 financial statements have been prepared in accordance with Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The Company's parent undertaking, Centremanor Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Centremanor Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

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

The financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due, based on the net asset position of the Company and available sources of finance.

The Company is exempt by virtue of s400 of the Companies Act from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 17.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover comprises rents and service charges receivable. Rental income from investment property leased out under operating leases is recognised in profit and loss 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 profit and loss in the year in which they are incurred.

Lease payments under operating leases are recognised in profit and loss on a straight line basis over the term of the lease.

Expenses

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit and loss as they accrue. 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.

Interest receivable and similar income include interest receivable on inter-company loans and late payment charges.

Taxation

Tax on the profit or 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 the equity or 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 adjustments to tax payable in respect of previous years.

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

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 expenses 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.

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 property

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Investment property *(continued)*

Subsequent to initial recognition:

- a) Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit and loss in the period that they arise; and
- b) 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.

Any gain or loss arising from a change in fair value is recognised in profit and loss.

Sales of investment 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.

Investments in subsidiary undertakings

Investments in subsidiary undertakings and other investments are stated at cost less provisions for impairment.

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.

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.

Related party transactions

The company has taken advantage of the exemptions in FRS 102 in order to dispense with the requirements to disclose transactions with other companies in the Centremanor Limited Group.

Notes (continued)

2 Turnover

Turnover arises from:

	2016 £	2015 £
Rent receivable	4,075,821	3,612,087
Service charges receivable	482,683	1,455,204
	<u>4,558,504</u>	<u>5,067,291</u>

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

3 Operating profit

	2016 £	2015 £
Operating profit is stated after charging:		
Fees payable for the audit of these financial statements	72,600	72,000
Movement on provision for bad debts	(140,972)	220,443
Net increase/(decrease) in provisions against amounts due from subsidiary and fellow undertakings	6,190,095	(4,281,607)
	<u>6,121,723</u>	<u>211,836</u>

4 Net interest receivable

	2016 £	2015 £
Group finance charges receivable	10,877,000	9,815,000
External interest receivable	7,374	24,250
Provision against group finance charges receivable	(3,581,000)	(3,730,000)
	<u>7,303,374</u>	<u>6,109,250</u>
Group finance charges payable	(3,261,000)	(3,175,000)
Bank interest payable	(2,631)	(2,204)
	<u>4,039,743</u>	<u>2,932,046</u>

Notes (continued)

5 Staff numbers and costs

The Company does not have any employees (2015: none). The directors of the company did not receive any emoluments from the company during the year or in the previous year.

The staff provided by the property and administrative management company, Highdorn Co. Limited, are engaged under joint employment contracts with a fellow subsidiary of the Company and their costs subsequently recharged to the Company at a level appropriate to the activity of the Company. These recharges, which amounted to £386,170 during the year (2015: £382,809) and which represented an average of 8 staff (2015: 9), are included within administrative expenses.

In addition to the above, the company's property outgoings includes the following employment costs relating to portering staff:

	2016 £	2015 £
Wages and salaries	103,863	115,998
Social security costs	7,665	8,421
Other pension costs	435	439
	<u>111,963</u>	<u>124,858</u>

6 Tax on profit on ordinary activities

a) Analysis of charge for the year

	2016 £	2015 £
Current tax		
Consideration payable for group relief:		
Current year	1,867,751	1,856,000
Prior year adjustment	(2,341,000)	(840,000)
	<u>(473,249)</u>	<u>1,016,000</u>
Total current tax (credit)/charge (see below)		
	<u>(473,249)</u>	<u>1,016,000</u>
Deferred tax		
Change in tax rate gains on investment property	(476,360)	(869,726)
Deferred tax on capital allowances	1,363,792	574,946
	<u>887,432</u>	<u>(294,780)</u>
Total deferred tax		
	<u>887,432</u>	<u>(294,780)</u>
Tax charge on profit on ordinary activities	<u>414,183</u>	<u>721,220</u>

Notes (continued)

6 Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

	2016 £	2015 £
Profit on ordinary activities before tax	8,416,031	14,011,704
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	1,683,206	2,837,370
<i>Effects of:</i>		
Disallowable provision	1,955,385	(111,700)
Indexation allowance on unrealised gains	(412,495)	(145,851)
Disallowable expense	5,942	9,385
Excess capital allowance over depreciation	-	(3,625)
Change in rate on deferred tax	(476,360)	(869,726)
Land remediation relief	(495)	-
Utilised losses b/f	-	(154,456)
Prior year adjustment	(2,341,000)	(840,000)
Sundry differences	-	(177)
Total tax charge (see above)	414,183	721,220

c) Factors affecting future tax charges

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) was substantively enacted on 18 November 2015. A further reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future current tax charge accordingly.

The deferred tax liability at 31 December 2016 has been calculated based on the rate of 17% (2015: 18%).

7 Investment property

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Total
	£	£	£	£
Valuation				
Land and buildings:				
At 31 December 2015	50,964,310	6,350,180	9,465,764	66,780,254
Surplus on revaluation	6,707,368	731,600	1,442,468	8,881,436
At 31 December 2016	57,671,678	7,081,780	10,908,232	75,661,690

The historical cost of investment properties included in the above valuation is £21,919,824 (2015: £21,919,824).

Notes (continued)

7 Investment property (continued)

An independent professional revaluation of all of the Company's freehold and leasehold property was carried out on 31 December 2016 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 aggregate professional valuations included in the above table have been reduced by an amount of £5,403 (2015: £209,836) relating to lease incentives included in other debtors.

Valuation techniques and key inputs

The company's residential houses and apartments (£53.6 million (2015: £45.1 million)) were valued using a sales valuation approach, derived from recent comparable transactions in the market, adjusted by applying discounts to reflect status of occupation and condition. The largest discounts were applied to those properties subject to registered tenancies, reflecting the relative difference in security of tenure, whilst the smallest discounts were applied to those properties subject to assured shorthold tenancies. Sales value assumptions were in the range £210 to £1,242 per square foot (2015: £207 to £1,250 per square foot).

The company's commercial units (£22.1 million (2015: £21.7 million)) 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. Equivalent yields used fell in the range 5.66% to 11.15% (2015: 5.5% to 10.38%) with an average of 7.58% (2015: 7.55%) and estimated rental values used fell in the range £5.23 to £104.42 per square foot (2015: £5.35 to £105.16 per square foot), with an average of £23.18 per square foot (2015: £22.48 per square foot).

8 Investments in subsidiaries

	Shares in subsidiary undertakings £
<i>At cost</i>	
At 31 December 2015 and 31 December 2016	23,613,156

The companies subsidiary undertakings, which are property investment companies and investment companies whose registered offices are Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR, are as follows:

Property investment companies:

Calabar Developments Limited*	Deritend Investments (Crumpsall) Limited*	Metropolitan Properties Co. (Regis) Limited
Calabar Estates Limited*	Deritend Investments (Tyseley) Limited*	Metropolitan (Roebuck) Limited
Calabar (Flats) Limited*	Demo Estates Limited*	Norman Sinclair (Manchester) Limited
Calabar Properties Limited*	Ediscum Limited*	Philcol Properties Limited*
Calabar (Wellingborough) Limited*	Firville Investments Limited	Philedor Estates Limited*
Calabar (Woolwich) Limited*	Gultree Limited	Ralprims Investments Limited*
Carntress Limited	Henry Davies Developments Limited	Rathrap Limited
Chonzie Limited	K.S. Investments Limited	Retia Phoenix Homes Limited*
Colguy Properties Limited*	Lonfor Securities Limited	Savile Estates limited
Davidbury Investments Limited	Metropolitan Properties Co. (Colman)	Westhampton Properties Limited*
Deritend Investments (Birkdale) Limited*	Limited*	
Deritend Investments (Cheetham) Limited*	Metropolitan Property Realizations Limited	

Investment companies:

Beechworth Management Limited*	E. Alec Colman Investments Limited	Retia Phoenix Limited*
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*Indirectly owned

The company owns either directly or indirectly, 100% of the ordinary equity share capital of the above companies which are incorporated in Great Britain and registered in England and Wales and all operate in Great Britain. In the opinion of the directors the aggregate investment in subsidiary undertakings is worth not less than the amount at which it is stated in the balance sheet.

Notes (continued)

9 Debtors

	2016 £	2015 £
Rents and service charges due and accrued	1,338,267	1,520,152
Amounts owed by intermediate parent undertaking and fellow subsidiary undertakings of intermediate parent (see note 14)	6,519,391	2,423,375
Amount owed by immediate parent undertakings and fellow subsidiary undertakings	96,819,876	93,648,278
Amounts owed by subsidiary undertakings	14,944,364	18,309,449
Amounts owed by other related parties (see note 14)	119,154	-
Group relief receivable	485,000	-
Other debtors and prepayments	442,981	725,540
	<u>120,669,033</u>	<u>116,626,794</u>

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

All inter-company loans are sterling loans repayable on demand with interest paid at the rate of 6.52% (2015: 6.814%).

10 Creditors: amounts falling due within one year

	2016 £	2015 £
Rents and service charges charged and paid in advance	1,067,608	773,316
Amount owed to intermediate parent undertakings and subsidiaries of intermediate parent undertakings	1,254,601	148,613
Amounts owed to fellow subsidiary undertakings	721,532	1,455,664
Amounts owed to subsidiary undertakings	84,120,526	79,769,463
Consideration payable for group relief (see note 6)	1,867,751	1,856,000
Other creditors and accruals	1,138,655	1,140,282
	<u>90,170,673</u>	<u>85,143,338</u>

All inter-company loans are sterling loans repayable on demand with interest paid at the rate of 6.52% (2015: 6.814%).

Notes (continued)

11 Provisions for liabilities and charges

	2016 £	2015 £
Balance at beginning of the year	8,574,484	8,869,264
Debited/(credited) to profit and loss	887,432	(294,780)
	<hr/>	<hr/>
Balance at end of the year	9,461,916	8,574,484
	<hr/>	<hr/>

Represented by:

	2016 £	2015 £
Deferred tax on:		
Investment property revaluation	9,461,916	8,574,484
Accelerated capital allowances	-	-
	<hr/>	<hr/>
	9,461,916	8,574,484
	<hr/>	<hr/>

12 Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

13 Charges on assets and guarantees

The company has charged certain of its properties with a book value of £20,551,171 (2015: £17,683,725) as part security for loan facilities granted to Centremanor (E.S.) Limited, a subsidiary of an intermediate parent undertaking and also executed a floating charge over all the assets and undertakings of the company. At 31 December 2016 the aggregate indebtedness under these facilities amounted to £30,425,000 (2015: £30,425,000).

The company has charged certain of its properties with a book value of £12,961,875 (2015: £10,658,375), as part security for loan facilities granted to Metropolitan Properties Company Limited, its immediate parent undertaking. At 31 December 2016 the aggregate indebtedness under these facilities amounted to £20,000,000 (2015: £20,013,001).

The company has charged certain of its properties with a book value of £16,535,375 (2015: £16,234,875), as part security for loan facilities granted to Metropolitan Properties Company Limited, its immediate parent undertaking. At 31 December 2016 the aggregate indebtedness under these facilities amounted to £Nil (2015: Nil).

14 Related parties and directors' interests in contracts

The majority of the day-to-day management of the Company's properties and its operations are carried out by Highdorn Co. Limited. Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of, Highdorn Co. Limited. In their capacity as property managing agents, Highdorn collects rents and incur direct property expenses on behalf of the company. During the year £421,623 (2015: £280,458) was charged by Highdorn Co. Limited for the provision of a full range of management services, which were charged for at normal commercial rates. The credit balance outstanding at 31 December 2016 is £250,935 (2015: £360,453) included in other creditors.

Notes (continued)

14 Related parties and directors' interests in contracts (continued)

	Interest rate applicable	2016 £	2015 £
Amounts owed by intermediate parent undertakings and fellow subsidiary undertakings of intermediate parent			
Centremanor (E.S.) Limited	6.52%	2,562,327	1,912,500
Limegate Investment Co. Limited	6.52%	-	900
Metropolitan Properties Commercial Limited	6.52%	3,957,064	509,875
		<u>6,519,391</u>	<u>2,423,275</u>
		2016 £	2015 £
Amounts owed by other related parties			
The BSE Freshwater Settlement of 27 March 2002		78,719	-
The SI Freshwater Settlement of 27 March 2002		40,435	-
		<u>119,154</u>	<u>-</u>

These entities are related by Mr BSE Freshwater either being a director or directly owning shares or by having a beneficial interest in a trust holding shares in the company.

15 Operating lease agreements

The company earns rental income by leasing its investment properties to tenants under operating leases which vary in terms of provisions between type of property and type of tenure. Leases providing for contingent rents are rare within the company's property portfolio and no amounts for contingent rents are included in rental income for the year (2015: £nil).

At the balance sheet date, future minimum lease payments receivable by the company under operating leases were as follows:

	2016 £	2015 £
Due within one year	2,153,258	2,021,606
Due within one to two years	1,379,108	1,317,496
Due within two to five years	2,935,794	2,670,319
Due after more than five years	6,312,159	6,728,705
	<u>12,780,319</u>	<u>12,738,126</u>

Many of the Company's residential properties are let under assured shorthold tenancies which typically are for initial terms of 12 months or less, whereafter they are cancellable at short notice. The Group's experience is that a significant proportion of such tenancies are held over after the expiry of their initial term.

Notes *(continued)*

16 Parent company and ultimate parent company

The Company is controlled by its immediate parent company, Metropolitan Properties Company Limited, which is incorporated in Great Britain and registered in England and Wales. Copies of these financial statements can be obtained from the following address: Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

The largest group in which the results of the Company are consolidated is that headed by Centremanor Limited. The ultimate controlling party is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.

The smallest Group in which the results of the Company are consolidated is headed by Metropolitan Properties Company Limited.

17 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 7). 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 1 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.

Property revenue account

For the year ended 31 December 2016

	2016 £	2016 £	2015 £	2015 £
Rents and charges receivable		4,558,504		5,067,291
Property outgoings				
Ground rent and service charges payable	79,123		114,209	
Local authority charges	109,537		107,601	
Water rates	6,119		6,426	
Insurances	280,481		202,355	
Light and heat	143,397		191,796	
Porterage and cleaning	360,167		305,479	
Repairs and maintenance	1,460,380		1,609,437	
Legal and professional fees	388,736		209,529	
Letting commission	82,885		161,686	
Management commission	396,397		198,767	
		(3,307,222)		(3,107,285)
Net property revenue		1,251,282		1,960,006

This schedule is provided for information purposes only and does not form part of the audited financial statements.