

COMPANY REGISTRATION NUMBER: 01138461

CRISTOBAL ESTATES LIMITED
UNAUDITED FINANCIAL STATEMENTS
31 DECEMBER 2017



CRISTOBAL ESTATES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

CONTENTS	PAGE
Directors' report	1
Profit and loss account and other comprehensive income	2
Balance sheet	3
Statement of changes in equity	4
Notes to the financial statements	5

CRISTOBAL ESTATES LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2017.

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 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:

B S E Freshwater
I M Katz

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.

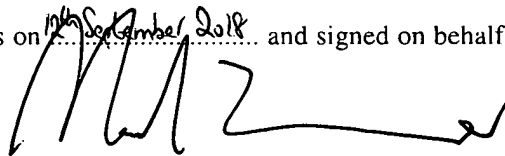
The majority of the day-to-day management of the company's properties and its operations is carried out by Highdorn Co. Limited. Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of, Highdorn Co. Limited.

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 (2016: £nil). The directors do not propose a final dividend for the year (2016: £nil).

This report was approved by the board of directors on 24 September 2018 and signed on behalf of the board by:



M R M Jenner, F.C.I.S.
Company Secretary

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

CRISTOBAL ESTATES LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
TURNOVER	4	154,776	162,619
Cost of sales		<u>(8,688)</u>	<u>(173,556)</u>
GROSS PROFIT/(LOSS)		146,088	(10,937)
Administrative expenses		<u>(5,928)</u>	<u>(5,871)</u>
Net valuation gains on investment property		218,250	162,850
Profit on disposal of investment property		<u>621,449</u>	<u>6,500</u>
OPERATING PROFIT	5	979,859	152,542
Interest receivable		10,039	95
Interest payable	7	<u>(51,018)</u>	<u>(51,018)</u>
PROFIT BEFORE TAXATION		938,880	101,619
Tax on profit	8	<u>(21,600)</u>	<u>9,312</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>917,280</u>	<u>110,931</u>

All the activities of the company are from continuing operations.

CRISTOBAL ESTATES LIMITED

BALANCE SHEET

31 DECEMBER 2017

	Note	2017 £	£	2016 £	£
FIXED ASSETS					
Investment properties	9		4,675,250		4,529,875
Investments	10		<u>1</u>		<u>1</u>
			4,675,251		4,529,876
CURRENT ASSETS					
Debtors	11	533,083		15,179	
CREDITORS: amounts falling due within one year	12	<u>(7,009,954)</u>		<u>(7,285,555)</u>	
NET CURRENT LIABILITIES			<u>(6,476,871)</u>		<u>(7,270,376)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,801,620)		(2,740,500)
PROVISIONS FOR LIABILITIES & CHARGES	13		<u>(590,204)</u>		<u>(568,604)</u>
NET LIABILITIES			<u>(2,391,824)</u>		<u>(3,309,104)</u>
CAPITAL AND RESERVES					
Called up share capital	15		2		2
Profit and loss account	16		<u>(2,391,826)</u>		<u>(3,309,106)</u>
TOTAL EQUITY			<u>(2,391,824)</u>		<u>(3,309,104)</u>

For the year ending 31 December 2017 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.

These financial statements were approved by the board of directors and authorised for issue on 12th September 2018 and are signed on behalf of the board by:


B S E Freshwater
Director

Company registration number: 01138461

The notes on pages 5 to 14 form part of these financial statements.

CRISTOBAL ESTATES LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Profit and loss account £	Total £
AT 1 JANUARY 2016	2	(3,420,037)	(3,420,035)
Profit for the year	<u> </u>	<u>110,931</u>	<u>110,931</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	110,931	110,931
AT 31 DECEMBER 2016	2	(3,309,106)	(3,309,104)
Profit for the year	<u> </u>	<u>917,280</u>	<u>917,280</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	–	917,280	917,280
AT 31 DECEMBER 2017	<u>2</u>	<u>(2,391,826)</u>	<u>(2,391,824)</u>

The notes on pages 5 to 14 form part of these financial statements.

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

Cristobal Estates 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 full 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 Company is exempt by virtue of s400 of the Companies Act 2006 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 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 a going concern basis, notwithstanding the company's net current liabilities as at 31 December 2017, since the directors have received an assurance from a connected company, Metropolitan Properties Company Limited, that it will continue to provide such cash resources as are required by the company for at least 12 months from the date of approval of these financial statements.

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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 21.

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

3. ACCOUNTING POLICIES *(continued)*

Disclosure exemptions

In these financial statements, the company is considered to be a small 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 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.

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

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

3. ACCOUNTING POLICIES *(continued)*

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.

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.

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

3. ACCOUNTING POLICIES *(continued)*

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 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 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.

Investments

Investments in subsidiary undertakings are stated at cost less provision for any 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.

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

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 income 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.

Interest payable and similar charges include interest payable on intercompany loans and late payment charges.

4. TURNOVER

Turnover arises from:

	2017	2016
	£	£
Rent receivable	<u>154,776</u>	<u>162,619</u>

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

5. OPERATING PROFIT

Operating profit or loss is stated after crediting:

	2017	2016
	£	£
Movement in provision for bad debts	(58,450)	(2,935)
(Write back)/impairment of bad debts	<u>(13,218)</u>	<u>—</u>

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

6. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to the directors during the year (2016: £nil).

7. INTEREST PAYABLE

	2017 £	2016 £
Other interest payable and similar charges	<u>51,018</u>	<u>51,018</u>

8. TAX ON PROFIT

Major components of tax expense/(income)

	2017 £	2016 £
Deferred tax:		
Origination and reversal of timing differences	21,600	22,794
Impact of change in tax rate	–	(32,106)
Total deferred tax	<u>21,600</u>	<u>(9,312)</u>
Tax on profit	<u>21,600</u>	<u>(9,312)</u>

All tax is recognised in the profit and loss account.

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>938,880</u>	<u>101,619</u>
Profit on ordinary activities by rate of tax	180,734	20,324
Effect of expenses not deductible for tax purposes	–	3,774
Utilisation of tax losses	(140,565)	(1,369)
Land remediation relief	–	(1,518)
Impact of change in tax rate	–	(32,106)
Timing differences on unrealised gains	(20,413)	(9,776)
Differences arising from taxation of chargeable gains	1,844	–
Tax losses carried forward	–	11,359
Tax on profit	<u>21,600</u>	<u>(9,312)</u>

Factors that may affect future tax expense

A 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 tax charge accordingly.

The deferred tax liability at 31 December 2017 has been calculated based on the rate of 17% (2016: 17%).

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

9. INVESTMENT PROPERTIES

	Freehold property £	Long leasehold property £	Total £
Fair value			
At 1 January 2017	4,529,875	–	4,529,875
Disposals	(72,875)	–	(72,875)
Revaluations	–	218,250	218,250
Transfers	(3,672,000)	3,672,000	–
At 31 December 2017	785,000	3,890,250	4,675,250
Carrying amount			
At 31 December 2017	785,000	3,890,250	4,675,250
At 31 December 2016	4,529,875	–	4,529,875

Investment properties held at valuation

An independent professional revaluation of the Company's property was carried out at 31 December 2017 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).

Valuation techniques and key inputs

The company's residential apartments and houses (£3.89 million, 2016: £3.74 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 £703 per square foot (2016: £656).

The company's commercial units (£785,000, 2016: £785,000) 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.

Historical cost model

The historical cost of investment properties at 31 December 2017 is £745,179 (2016: £764,118).

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

10. INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 January 2017 and 31 December 2017	<u>1</u>
Impairment	
At 1 January 2017 and 31 December 2017	<u>-</u>
Carrying amount	
At 31 December 2017	<u>1</u>
At 31 December 2016	<u>1</u>

The company owns the whole of the issued share capital of Cristobal (PF) Limited, a company incorporated in Great Britain and registered in England and Wales (Registered office: Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR). A summary of the unaudited results for the year ended 31 December 2017 is as follows:

	2017 £	2016 £
Aggregate Capital and Reserves	<u>(274)</u>	<u>(274)</u>

Under the provision of the Section 399 of the Companies Act 2006 the company is exempt from preparing Consolidated Accounts and has not done so. Therefore the Accounts show information about the company as an individual entity.

11. DEBTORS

	2017 £	2016 £
Trade debtors	3,314	2,690
Other debtors	<u>529,769</u>	<u>12,489</u>
	<u>533,083</u>	<u>15,179</u>

Other debtors include a management balance of £515,473 (2016: £nil) due from Highdorn Co. Limited, a company referred to in note 19.

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

12. CREDITORS: amounts falling due within one year

	2017 £	2016 £
Trade creditors	37,041	41,786
Other creditors	<u>6,972,913</u>	<u>7,243,769</u>
	<u>7,009,954</u>	<u>7,285,555</u>

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

12. CREDITORS: amounts falling due within one year *(continued)*

Included in other creditors are amounts due to companies in which Mr B S E Freshwater, a director of this company, is also a director or governor and in certain of which he has either a beneficial or a non-beneficial interest. Included therein is an interest-free amount of £1,156,675 (2016 - £1,156,675) due to Henry Davies Developments Limited, which was previously interest bearing and which is effectively repayable on demand. At the balance sheet date, interest of £4,195,367 (2016 - £4,195,367) in respect of this loan was accrued and unpaid.

Other creditors also include an amount due to Highdorn Co. Limited (see note 19) of £637,731 (2016 - £637,731), which bears interest at variable rates and is repayable on demand. At the balance sheet date interest of £867,017 (2016 - £815,999) in respect of this loan was accrued and unpaid. Also included is an interest-free management balance due to Highdorn Co. Limited of £nil (2016 - £319,306).

All intercompany loans are in sterling.

13. PROVISIONS FOR LIABILITIES & CHARGES

	Deferred tax (note 14) £
At 1 January 2017	568,604
Charge for the year	<u>21,600</u>
At 31 December 2017	<u>590,204</u>

14. DEFERRED TAX

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

	2017 £	2016 £
Included in provisions for liabilities & charges (note 13)	<u>590,204</u>	<u>568,604</u>

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

	2017 £	2016 £
Revaluation of investment properties	<u>590,204</u>	<u>568,604</u>

15. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2

16. 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.

CRISTOBAL ESTATES LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 DECEMBER 2017

17. COMMITMENTS UNDER OPERATING LEASES

As lessor

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

	2017	2016
	£	£
Not later than 1 year	42,185	67,147
Later than 1 year and not later than 5 years	24,047	63,317
Later than 5 years	94,121	298,844
	<u>160,353</u>	<u>429,308</u>

18. CHARGES ON ASSETS AND GUARANTEES

One of the company's investment properties with a market value at 31 December 2017 of £785,000 (2016: £785,000) is charged as part security for loan facilities granted to the company by Highdorn Co. Limited, which at 31 December 2017 amounted to £637,731 (2016: £637,731).

19. RELATED PARTY TRANSACTIONS

The majority of the day to day management of the company's properties and its operations is carried out by Highdorn Co. Limited ("Highdorn"). Mr B S E Freshwater is a director of, but has no beneficial interest in the share capital of Highdorn.

In their capacity as property managing agents, Highdorn collects rents and incurs direct property expenses on behalf of the company. During the year £6,992 (2016: £9,558), including VAT, was payable to Highdorn for these services which were charged for at normal commercial rates. The amount owing to Highdorn at 31 December 2017 for these services is £2,493 (2016: £2,261).

20. CONTROLLING PARTY

The company is controlled by Mr I M Katz, a director of the company, together with the Estate of Mr P Pizer.

21. 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 9). 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.