

Company No: 01505228

**ROTCH PROPERTY GROUP LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**

FRIDAY



L8ZRMNBD

LD9

28/02/2020

#154

COMPANIES HOUSE

ROTCH PROPERTY GROUP LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

CONTENTS	Pages
Directors and officers	1
Strategic report	2 - 3
Directors' report	4 - 5
Auditor's report	6 - 7
Group statement of comprehensive income	8
Group statement of financial position	9
Group statement of changes in equity	10
Company statement of financial position	11
Company statement of changes in equity	12
Group cash flow statement	13
Notes forming part of the financial statements	14 – 42

ROTCH PROPERTY GROUP LIMITED

DIRECTORS AND OFFICERS

Directors	R Tchenguiz BS (Joint Chairman and Joint Managing Director) V A Tchenguiz BSc MBA (Joint Chairman and Joint Managing Director) M D Watson BA FCA	
Secretary	A S Fitzpatrick BSc ACA	
Auditor	RSM UK Audit LLP 3rd Floor One London Square Cross Lanes Guildford Surrey GU1 1UN	
Principal Lenders	Aviva Commercial Finance Limited PO Box 4 Surrey Street, Norwich NR1 3NG	Allied Irish Bank (GB) Corporate Banking 9/10 Angel Court London EC2R 7AB
	Standard Life Assurance Company 3 George Street Edinburgh EH2 2XZ	
Clearing Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP	
Solicitors	Osborne Clarke One London Wall London EC2Y 5EB	
Registered Office	5th Floor Leconfield House Curzon Street London W1J 5JA	

ROTCH PROPERTY GROUP LIMITED

GROUP STRATEGIC REPORT

The directors present their Strategic Report of Rotch Property Group Limited and its subsidiaries for the year ended 31 May 2019.

Review of the business

There were no acquisitions of property during the year (2018: Nil). No investment properties were sold (2018: two investment properties sold for a consideration of £16m). At 31 May 2019 the directors valued the group's investment property portfolio at £52,944,002 (2018: £50,993,002).

The group's results for the year are set out on page 8. The group continues to report profits and is hopeful that the commercial property market will remain stable during 2020.

On 28 March 2019, the holding company acquired the remainder of the shares of Rotch Properties Limited not already held by it for a consideration of £22.3m. The investment had already been accounted for as a subsidiary so the only effect on the accounts is the removal of the non-controlling interests.

Future developments

The directors are continuing to monitor the property market and will consider suitable acquisition and disposal opportunities as they become available.

Key performance indicators

The directors use the following key indicators to measure the group's performance:

	2019	2018
Ratio of loan to property value/finance lease/security deposit	71.7%	75.5%
Interest rental cover	206.1%	188.5%

Risks and uncertainties

It is the group's policy that no trading in financial instruments shall be undertaken, and the group only enters into derivative contracts as part of its risk mitigation strategy.

The group is exposed to interest rate risk, tenant credit risk, cash flow risk, market value risk and third party risk. Further details and its mitigation approaches are as follows:

Interest rate risk

The risk has been mitigated by the group only being party, wherever possible, to fixed interest rate loan arrangements through the use of swap arrangements.

Tenant credit risk

The risk has been mitigated by the group only taking on appropriate tenants with credit checks undertaken by Prime Estates Property Management Limited, a subsidiary.

Cash flow risk

The group minimises its cash flow risk of non performance on its loan agreements by minimising its tenant credit risk and by arranging for its rentals to be paid by direct transfer to the lender.

The group also provides loan finance to related parties. The interest payable on the group's loans is matched with an equal interest charge to the related party to which the loans are lent on. These companies have also mitigated their exposure and therefore the group's exposure by minimising their tenant credit risk and by arranging for their rentals to be paid by direct transfer or employing Prime Estates Property Management Limited, a subsidiary, as their management agents utilising their specialist skills to ensure collection of rent takes place on time.

ROTCH PROPERTY GROUP LIMITED

GROUP STRATEGIC REPORT (continued)

Risks and uncertainties (continued)

Market value risk

The group's investment property values are determined by market forces outside of the group's control.

With the exception of one loan the group's loans are not exposed to a loan default resulting from a fall in property values as the loan agreements do not include a loan to value covenant.

Third party risk

The company and group are exposed to third party risk as they have entered into agreements and guarantees in respect of various related parties as detailed in note 26. Also, the company operates a treasury function in respect of various companies controlled by its ultimate controlling party, the Tchenguiz Family Trust, and has also advanced funds to companies controlled by other Tchenguiz family trusts. As a result, the company and group are exposed to potential bad debts in respect of funds advanced to those companies.

Policy on the payment of creditors

It is group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice.

On behalf of the board



R Tchenguiz
Director

27 February 2020

ROTCH PROPERTY GROUP LIMITED

GROUP DIRECTORS' REPORT

The directors submit their 39th annual report and the audited group financial statements of Rotch Property Group Limited for the year ended 31 May 2019. Future developments and exposure to risk are discussed in the strategic report.

Principal activities

The principal activities of the company and the group, which have remained unchanged during the financial year, were property investment and development.

Dividends

The directors are precluded from recommending the payment of a dividend.

Directors

The following directors have held office since 1 June 2018:

R Tchenguiz
V A Tchenguiz
M D Watson

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROTCH PROPERTY GROUP LIMITED

GROUP DIRECTORS' REPORT (continued)

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board



R Tchenguiz

Director

27 February 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROTCH PROPERTY GROUP LIMITED

Opinion

We have audited the financial statements of Rotch Property Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2019 which comprise Group statement of comprehensive income, Group statement of financial position, Group statement of changes in equity, Company statement of financial position, Company statement of changes in equity, Group cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Christopher Hurren FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor, One London Square, Cross Lanes
Guildford, Surrey, GU1 1UN

26 February 2020

ROTCH PROPERTY GROUP LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £	2018 £
Turnover:			
Group and share of joint ventures and associates		8,247,374	8,095,088
Less:			
Share of associates' turnover		(1,031,299)	(1,064,635)
Group turnover	2	7,216,075	7,030,453
Cost of sales	3	(2,688,313)	(2,218,864)
Gross profit		4,527,762	4,811,589
Administrative expenses		(1,789,262)	(2,024,341)
(Provision)/write back against amounts due from related companies		(379,214)	841,266
Other operating income (net)	5	783,405	808,082
Group operating profit		3,142,691	4,436,596
Share of operating profit in:			
Associates	12.1	151,013	179,136
Fair value deficit on investments	12.1	(2,777)	(76,627)
Fair value gain on investment properties	11	1,951,000	2,729,000
Profit on disposal of investment properties		-	6,668,959
Loss on disposal of finance leases		-	(22,427)
Profit on disposal of associates		2,790,765	-
Profit on disposal of fixed asset investments	6	663	46,685
Interest receivable and similar income	7	839,691	1,413,429
Interest payable and similar charges	8	(3,976,583)	(6,248,046)
Profit on ordinary activities before taxation	4	4,896,463	9,126,705
Tax on profit on ordinary activities	10	(643,294)	(404,896)
Profit on ordinary activities after tax and total comprehensive income for the year		4,253,169	8,721,809
Profit for the year attributable to:			
Owners of the parent		3,089,709	6,785,417
Non-controlling interests	23	1,163,460	1,936,392
Profit and total comprehensive income for the year		4,253,169	8,721,809

ROTCH PROPERTY GROUP LIMITED

GROUP STATEMENT OF FINANCIAL POSITION (Company Registration Number: 01505228)

AT 31 MAY 2019

	Notes	2019	2018
		£	£
Fixed assets			
Tangible assets	11	52,977,053	51,001,577
Investments:			
In associates	12.1	-	484,646
Other	12.1	339,636	350,598
		<u>53,316,689</u>	<u>51,836,821</u>
Current assets			
Stocks and work in progress	13	51,250	51,250
Debtors due within one year	14	38,259,628	72,615,702
Debtors due after more than one year	14	16,081,573	17,762,772
Investments	16	1	1
Cash at bank and in hand	17	4,928,465	5,129,447
		<u>59,320,917</u>	<u>95,559,172</u>
Creditors: Amounts falling due within one year	18	(60,958,248)	(54,468,462)
Net current (liabilities)/assets		<u>(1,637,331)</u>	<u>41,090,710</u>
Total assets less current liabilities		<u>51,679,358</u>	<u>92,297,531</u>
Creditors: Amounts falling due after more than one year	19	(30,522,740)	(53,961,876)
Provisions for liabilities	21	(4,372,983)	(4,153,073)
Net assets		<u>16,783,635</u>	<u>34,812,582</u>
Capital and reserves			
Called up share capital	22	100,000	100,000
Fair value reserve:			
- Investment properties		27,844,502	25,893,502
- Other investments		2,410	4,965
Profit and loss account		(11,163,277)	(13,468,001)
Equity attributable to owners of the parent		<u>16,783,635</u>	<u>12,530,466</u>
Non-controlling interests	23	-	22,282,116
		<u>16,783,635</u>	<u>34,812,582</u>

The financial statements on pages 8 to 42 were approved by the board of directors and authorised for issue on 27 February 2020 and are signed on its behalf by:


R Tchenguiz
Director


V A Tchenguiz
Director

ROTCH PROPERTY GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2019

	Share capital £	Other investments fair value reserve £	Investment properties fair value reserve £	Profit and loss account £	Non- controlling interests £	Total £
Balance at 1 June 2017	100,000	13,916	27,947,839	(22,316,706)	20,345,724	26,090,773
Profit for the year	-	-	-	6,785,417	1,936,392	8,721,809
Unrealised surplus on revaluation of investment properties:						
- of the group	-	-	2,669,000	(2,669,000)	-	-
- attributable to non controlling interests	-	-	52,000	(52,000)	-	-
Other investments	-	(8,951)	-	8,951	-	-
Realised surplus on sale of investment properties	-	-	(4,775,337)	4,775,337	-	-
Balance at 31 May 2018	100,000	4,965	25,893,502	(13,468,001)	22,282,116	34,812,682
Profit for the year	-	-	-	3,089,709	1,163,460	4,253,169
Unrealised surplus on revaluation of investment properties:						
- of the group	-	-	1,951,000	(1,951,000)	-	-
Other investments	-	(2,555)	-	2,555	-	-
Acquisition of non-controlling Interests	-	-	-	1,163,460	(23,445,576)	(22,282,116)
Balance at 31 May 2019	100,000	2,410	27,844,502	(11,163,277)	-	16,783,635

ROTCH PROPERTY GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION (Company Registration Number: 01505228)

AT 31 MAY 2019

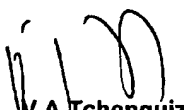
	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	11	1,820,521		1,720,868	
Investments	12.2	29,241,601		22,348,549	
		<u>31,062,122</u>		<u>24,069,417</u>	
Current assets					
Stocks and work in progress	13	51,250	51,250		
Debtors due within one year	14	40,446,067	77,679,451		
Cash at bank and in hand		122,044	164,412		
		<u>40,619,361</u>	<u>77,895,113</u>		
Creditors: Amounts falling due within one year	18	(76,330,041)	(111,380,408)		
Net current liabilities		<u>(35,710,680)</u>	<u>(33,485,295)</u>		
Total assets less current liabilities		<u>(4,648,558)</u>	<u>(9,415,878)</u>		
Provisions for liabilities	21	(290,042)	(269,617)		
Net liabilities		<u>(4,938,600)</u>	<u>(9,685,495)</u>		
Capital and reserves					
Called up share capital	22	100,000	100,000		
Fair value reserve:					
- Investment properties		1,778,000	1,703,000		
- Other investments		2,410	4,965		
Profit and loss account		(6,819,010)	(11,493,460)		
Total equity		<u>(4,938,600)</u>	<u>(9,685,495)</u>		

As permitted by section 408 Companies Act 2006, no separate profit and loss account of the company is presented. The company's profit for the financial year amounted to £4,746,895 (2018: £2,849,433).

The financial statements on pages 8 to 42 were approved by the board of directors and authorised for issue on 27 February 2020 and are signed on its behalf by:



R Tchenguiz
Director



W A Tchenguiz
Director

ROTCH PROPERTY GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2019

	Share capital £	Investment properties fair value reserve £	Other investments fair value reserve £	Profit and loss account £	Total £
Balance at 1 June 2017	100,000	1,486,000	13,916	(14,134,844)	(12,534,928)
Profit for the year	-	-	-	2,849,433	2,849,433
Surplus on property revaluations	-	217,000	-	(217,000)	-
Deficit on revaluation of investments	-	-	(8,951)	8,951	-
Balance at 31 May 2018	<u>100,000</u>	<u>1,703,000</u>	<u>4,965</u>	<u>(11,493,460)</u>	<u>(9,685,495)</u>
Profit for the year	-	-	-	4,746,895	4,746,895
Surplus on property revaluations	-	75,000	-	(75,000)	-
Deficit on revaluation of investments	-	-	(2,555)	2,555	-
Balance at 31 May 2019	<u>100,000</u>	<u>1,778,000</u>	<u>2,410</u>	<u>(6,819,010)</u>	<u>(4,938,600)</u>

ROTCH PROPERTY GROUP LIMITED

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £	2018 £
OPERATING ACTIVITIES			
Cash generated from/(used in) operations	24	24,465,089	(6,800,781)
Interest paid		(3,532,033)	(5,408,655)
NET CASH GENERATED/(USED) IN OPERATING ACTIVITIES		20,933,056	(12,209,436)
TAX PAID		(64,381)	(60,422)
INVESTING ACTIVITIES			
Proceeds on disposal of investments		8,848	80,872
Purchase of non-controlling interest		(22,282,116)	-
Purchase of tangible fixed assets		(30,819)	(352)
Proceeds on disposal of tangible fixed assets		-	15,670,959
Proceeds on disposal of finance lease		-	92,934
Proceeds on disposal of associate		3,421,899	-
Interest received		774,723	988,829
NET CASH FROM INVESTING ACTIVITIES		(18,107,465)	16,833,242
FINANCING ACTIVITIES			
Repayments of borrowings		(2,962,192)	(4,578,273)
NET CASH USED IN FINANCING ACTIVITIES		(2,962,192)	(4,578,273)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(200,982)	(14,889)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,129,447	5,144,336
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,928,465	5,129,447
Relating to:-			
Bank balances and short term deposits included in "cash at bank and in hand"		4,928,465	5,129,447

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

1. Accounting policies

Company information

Rotch Property Group Limited ("the Company") is a limited company domiciled and incorporated in England, registration number 01505228. The address of the Company's registered office and principal place of business is 5th Floor, Leconfield House, Curzon Street, W1J 5JA. The principal activities of the company and the group during the year were property investment and development.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, and under the historical cost convention modified to include investment properties and certain financial instruments at fair value.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Rotch Property Group Limited and all of its subsidiaries. All financial statements are made up to 31 May 2019.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

1.3 Going concern

The Company has a net current liability position of £36m and a net liability position of £5m. This is largely due to amounts owing to group and related companies of £75m, included in short term creditors. Although the majority of the balances are not expected to be called within one year, they have been classified within short term creditors due to the absence of formal loan agreements. As Rotch Property Group Limited acts as the treasury function of the group, these amounts will be repaid when cash is required by the wider group.

The directors have assessed the operation of the group's property investment structures and have also reviewed the group's working capital needs, including the group's operations and the treasury function it carries out for its ultimate controlling party, the Tchenguiz Family Trust, and have also assessed the continuation and availability of support being provided by the Tchenguiz Family Trust. On the basis of their review they have determined that the group has, or can expect to have, sufficient working capital for its needs for at least 12 months from the date of signing of these accounts.

The directors have also assessed the status of the contingencies and guarantees as set out in note 26, and the support received from related parties, and on the basis of their review and the current discussions with the various lenders do not expect that these will be called for settlement or if called the group has been suitably indemnified by a related party.

During the year ended 31 May 2019, following a valuation of the property portfolio securing the borrowings, the valuation covenant was breached on a subsidiary's loan. This triggered defaults on the group's bank loans.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

1.3 Going concern (continued)

As a result of the cross-default clauses in the loan agreements, defaults on the wider cross-collateralised group loans were triggered. The bank reserved its position in respect of the subsidiary's valuation covenant breach. At the year-end, therefore, the subsidiary's bank loans and all the loans within the cross-collateralised structure amounting to £94,936,415 (2018: £97,486,709) were effectively repayable on demand. In addition, the cross-collateralised group also has interest rate swaps that in the event of a break would be added to the liability of the cross-collateralised group and would become immediately repayable. The value of the interest rate swaps as at 31 May 2019 was a liability of £21,496,710 (2018: £20,114,648).

Therefore, at the year-end date the bank loan disclosed in note 19 was repayable on demand.

Subsequent to the year end, the subsidiary company and the lender have renegotiated the loan terms in order to remedy the breach. At the date of signing the loans are no longer repayable on demand and the entity incurred no financial penalties as a result of the breach. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a reducing balance basis over its expected useful life, as follows:

Computer equipment	-	25% per annum
Fixtures and fittings	-	15% per annum
Motor vehicles	-	25% per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

1.5 Impairments

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss the depreciation or amortisation is adjusted to allocate the assets revised carrying amount (less any residual value) over its remaining useful life.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

1.6 Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

Investment properties are revalued annually by the directors.

Profits arising on the disposal of investment properties are recognised on exchange of contracts. The profits are treated as exceptional items and any revaluation surplus relating to the property is transferred to profit and loss reserves.

Where investment properties are owned jointly with third parties only the group's beneficial interest is reflected in the financial statements.

1.7 Fixed asset investments

Fixed asset investments, other than associated companies and joint ventures, are stated at valuation.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.8 Associates

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the latest audited financial statements.

1.9 Stock

Properties acquired with a view to resale are identified as stock or work in progress and stated at the lower of cost and net realisable value. Cost includes the cost of acquisition and development, including directly attributable fees, expenses and finance costs.

Profits arising from the sale of trading and development properties are recognised on completion of the sale and as being part of the ordinary activities of the group.

1.10 Leases

The Group as lessor - Finance leases

Where the group acts as a lessor, amounts due from lessees under finance leases are recognised as debtors at the present value of the future minimum lease payments plus any unguaranteed residual value (the "net investment in the lease") plus incremental costs of negotiating and arranging the lease. Finance income from assets leased under a finance lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment in the lease.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

1.10 Leases (continued)

The Group as lessor - Operating leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

The Group as lessee - Operating leases

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

1.11 Current asset investments

Unlisted investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

1.12 Taxation

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

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

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

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

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

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

1.12 Taxation (Continued)

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

1.13 Rent receivable

Rental income from investment properties leased out under operating leases is recognised in the profit and loss account on an accruals basis over the term of the lease. The effect of rent reviews is only recognised when such reviews have been agreed with tenants. Where rents are subject to fixed indexation in lieu of rent reviews, the rents are recognised on a systematic basis as income in the periods in which they are earned.

Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period of the lease or, if shorter, the period ending when prevailing market rentals become payable.

1.14 Property trading and development

Turnover from the sale of the property stock is recognised at the fair value of the consideration received or receivable in the ordinary nature of the business. Turnover is shown net of Value Added Tax.

1.15 Functions and presentational currencies

The consolidated financial statements are represented in sterling which is also the functional currency of the company.

1.16 Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except that they relate to gains or losses or non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

1.17 Financial instruments

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

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

1.17 Financial instruments (Continued)

Financial assets and liabilities at amortised cost

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measures at amortised cost, using the effective interest method. The effective interest rate is the market rate used to determine initial measurement adjusted to amortise directly attributable transaction costs.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Trade creditors, group and other creditors

Trade creditors, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost, being the transaction price less any amounts settled and the cumulative amortisation (using the effective interest method) of any difference between the amount at initial recognition and the maturity amount. The effective interest rate is the rate that discounts estimated future cash payments to the carrying amount of the financial liability.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Financial instruments at fair value

Derivatives

Derivatives, including interest rate swaps and forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair value gains and losses are recognised in profit or loss unless hedge accounting is applied and the hedge is a cash flow hedge.

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

1.17 Financial instruments (Continued)

Equity

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of transaction costs, unless the equity instruments are issued to extinguish a financial liability due to a shareholder or a party under common control, or in accordance with the original terms of the financial liability.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some (but not substantially all) risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.18 Loan and swap break costs

These costs, which arise from the early settlement of fixed rate borrowings, are charged to the profit and loss account as incurred unless the borrowings are refinanced. Where refinanced, the break costs are treated as additional finance costs of the replacement borrowings if the replacement and original borrowings are of similar amounts and the maturity of the replacement loan is not significantly different from that of the original borrowing.

The directors consider that at the time of a loan refinancing, when the circumstances are as set out above, the capitalisation of the break costs, rather than their being expensed, is required in order for the financial statements to present a true and fair view.

1.19 Liquid resources

For the purposes of the cash flow statement liquid resources are defined as short term bank deposits.

1.20 Retirement benefits

Defined contribution plans

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contribution actually paid are shown as either accruals or prepayments.

1.21 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

1.21 Critical accounting estimates and areas of judgement

Finance lease rentals

The key accounting estimate in preparing these financial statements relates to the rentals receivable under the finance lease which are subject to periodic increases.

Valuation of investment properties

The key accounting estimate in preparing these financial statements relates to the carrying value of the investment property which is stated at fair value. The group uses reports provided by Chartered Surveyors employed by the group's in house management company as a basis for determining the directors' estimation of the fair value of the investment properties. However, the valuation of the group's investment property is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

Interest rate swaps

Interest rate swaps are recognised at fair value in the Statement of Financial Position, based on valuations provided by the respective bank counter parties.

2. Turnover

	2019	2018
Turnover is wholly undertaken in the United Kingdom	£	£
Analysis of turnover by activity:		
Rent receivable from investment properties	5,476,017	5,153,766
Finance charges on leased properties	1,740,058	1,876,687
	<u>7,216,075</u>	<u>7,030,453</u>

3. Cost of sales

	2019	2018
	£	£
Operating lease rentals - headleases on sublet land and buildings	2,688,313	2,218,864

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

4. Profit on ordinary activities before taxation	2019	2018
	£	£
Profit on ordinary activities before taxation is stated after charging:-		
Auditor's remuneration:		
Statutory audit of parent and consolidated accounts	61,500	59,575
Statutory audit of the subsidiary accounts	60,880	70,600
Loss on disposal of tangible fixed assets	2,295	-
Depreciation of tangible fixed assets	4,049	2,626
Operating lease rentals - land and buildings	2,792,191	2,322,571
- plant and machinery	-	2,277
	<u>783,405</u>	<u>808,082</u>
5. Other operating income (net)	2019	2018
	£	£
Management fees, licences and commissions	784,886	808,094
Exchange differences on foreign currency transactions	(1,481)	(12)
	<u>783,405</u>	<u>808,082</u>
6. Profit on disposal of fixed asset investments	2018	2017
	£	£
Profit on disposal of unlisted investments	663	46,685
	<u>663</u>	<u>46,685</u>
7. Interest receivable and similar income	2019	2018
	£	£
Fair value gain on interest rate swaps	92,716	504,902
Group undertakings	728,872	893,292
Bank	15,636	15,235
Dividends from unlisted investments	2,467	-
	<u>839,691</u>	<u>1,413,429</u>

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

8. Interest payable and similar charges	2019	2018
	£	£
Bank loans and overdrafts	1,464,870	1,542,811
Other loans	2,035,698	2,187,071
Other interest	203	265
Amortisation of finance charges	475,131	498,188
Unamortised finance costs expensed on loan redemption	-	1,022,224
Break costs	-	981,039
	<u>3,975,902</u>	<u>6,231,598</u>
Associates	681	16,448
	<u>3,976,583</u>	<u>6,248,046</u>

9. Employees and Directors	2019	2018
	£	£
Staff costs including directors during the year amounted to:-		
Wages and salaries	1,115,720	1,261,405
Social security costs	140,332	158,169
Other pension costs	30,085	20,220
	<u>1,286,137</u>	<u>1,439,794</u>

The group operates a defined contribution pension scheme to which contributions of £30,085 (2018: £20,220) were made during the year.

The average number of employees during the year was:-	2019	2018
	No.	No.
Management and administration	14	13

	2019	2018
	£	£
Directors' emoluments:		
Executive remuneration	3,204	3,204

No director was accruing benefits in a pension scheme during the current or previous year.

No separate disclosure of key management personnel is included as it is only the directors who are considered to be key management personnel.

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

10. Taxation	2019	2018
	£	£
Current tax		
Corporation tax	419,540	63,778
Share of associate's interest (note 12.1)	3,844	(20,477)
Total current tax	423,384	43,301
Deferred tax		
Effect of decreased tax rate on opening liability	-	-
Origination & reversal of timing differences	219,910	361,595
Total deferred tax	219,910	361,595
Total tax on profit on ordinary activities	643,294	404,896

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

Factors affecting the current tax charge for year:	2019	2018
	£	£
Profit on ordinary activities before taxation	4,896,463	9,126,705
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	930,328	1,734,074
Effects of:		
Non deductible/taxable items	322,285	(465,284)
Share of profits in associates	(28,563)	(30,911)
Share of associates tax	3,844	(20,477)
Capital transactions	(126)	(8,870)
Group relief (net)	150,136	405,020
UK transfer pricing	(24,220)	(58,849)
Lease premium relief	(50,315)	(50,858)
Adjustments in respect of chargeable disposals	(530,245)	(700,219)
Excess of tax allowances over depreciation	(9,088)	(4,973)
Adjustment in respect of finance leases	(188,128)	(143,599)
Tax losses	-	(187,916)
Disallowable income	(370,174)	(504,239)
Deferred tax on swaps	15,761	85,834
Deferred tax on investment properties	334,192	396,502
Deferred tax in respect of indexation allowance	79,900	(49,798)
Other	7,707	9,459
Tax expense	643,294	404,896

A change to reduce the main rate of UK corporation tax to 17% from 1 April 2020 was announced in the Chancellor's Budget on 16 March 2016.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

11. Tangible fixed assets

Group	Investment properties £	Fixtures & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2018	50,993,002	97,194	92,315	51,182,511
Revaluation	1,951,000	-	-	1,951,000
Disposals	-	(30,690)	-	(30,690)
Additions	-	30,819	-	30,819
At 31 May 2019	52,944,002	97,323	92,315	53,133,640
Depreciation				
At 1 June 2018	-	88,720	92,214	180,934
Charge for the year	-	4,024	25	4,049
Disposals	-	(28,396)	-	(28,396)
At 31 May 2019	-	64,348	92,239	156,587
Carrying amount				
At 31 May 2019	52,944,002	32,975	76	52,977,053
At 31 May 2018	50,993,002	8,474	101	51,001,577

The investment properties were valued as at 31 May 2019 at £52,944,002 (2018: £50,993,002) by the directors based on reports provided to them by Chartered Surveyors employed by the group's in house management company. The original cost of the investment properties held at 31 May 2019 was £19,984,563 (2018: £19,984,563).

Investment properties at net book value comprise:-	2019 £	2018 £
Freehold	14,788,000	13,863,000
Long leasehold	38,156,002	37,130,002
	<u>52,944,002</u>	<u>50,993,002</u>

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

11. Tangible fixed assets (continued)

Company	Investment properties £	Fixtures & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2018	1,713,000	94,369	92,315	1,899,684
Revaluation	75,000	-	-	75,000
Additions	-	30,819	-	30,819
Disposals	-	(30,690)	-	(30,690)
At 31 May 2019	1,788,000	94,498	92,315	1,974,813
Depreciation				
At 1 June 2018	-	86,602	92,214	178,816
Charge for the year	-	3,847	25	3,872
Disposals	-	(28,396)	-	(28,396)
At 31 May 2019	-	62,053	92,239	154,292
Net book value				
At 31 May 2019	1,788,000	32,445	76	1,820,521
At 31 May 2018	1,713,000	7,767	101	1,720,868

The investment properties have been valued as at 31 May 2019 at £1,788,000 (2018: £1,713,000) by the directors based on reports provided to them by Chartered Surveyors employed by the group's in house management company.

Valuations take in account tenure, lease terms, market conditions, inflation assumptions and sales prices based on known market transactions for similar properties.

The original cost of the investment properties held at 31 May 2019 was £10,000 (2018: £10,000).

Investment properties at net book value comprise:-	2019 £	2018 £
Freehold	<u>1,788,000</u>	<u>1,713,000</u>

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

12. Fixed asset investments

12.1 Group

	Unlisted investments £	Associated undertakings £	Total £
Valuation			
At 1 June 2018	350,598	-	350,598
Disposals	(8,185)	-	(8,185)
Revaluation	(2,777)	-	(2,777)
At 31 May 2019	339,636	-	339,636
Share of undistributed post acquisition profits			
At 1 June 2018	-	484,646	484,646
Share of current year:			
- operating profit	-	151,013	151,013
- interest payable	-	(681)	(681)
- taxation	-	(3,844)	(3,844)
Disposals	-	(631,134)	(631,134)
At 31 May 2019	-	-	-
Carrying amount			
At 31 May 2019	339,636	-	339,636
At 31 May 2018	350,598	484,646	835,244

The unlisted investments consist principally of venture funds and have been valued with reference to reports produced by the fund managers within two months of each balance sheet date. The original cost of the unlisted investments was £498,245 (2018: £503,875).

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

12. Fixed asset investments (continued)

12.2 Company

	Unlisted investments £	Subsidiary undertakings £	Total £
Cost or valuation			
At 1 June 2018	347,532	64,856,250	65,203,782
Disposals	(8,185)	(1)	(8,186)
Revaluation	(2,718)	-	(2,718)
Additions	-	3,829,538	3,829,538
At 31 May 2019	336,629	68,685,787	69,022,416
Impairment provisions			
At 1 June 2018	-	(42,855,233)	(42,855,233)
Reversals of past impairment losses	-	3,074,418	3,074,418
At 31 May 2019	-	(39,780,815)	(39,780,815)
Carrying amount			
At 31 May 2019	336,629	28,904,972	29,241,601
At 31 May 2018	347,532	22,001,017	22,348,549

The unlisted investments consist of venture funds and have been valued with reference to reports produced by the fund managers within two months of each balance sheet date. The original cost of the unlisted investments was £488,245 (2018: £493,875).

The reversal of past impairment losses of £3,074,418 (2018: £2,000,000) has arisen to ensure the carrying value reflects the net asset value of the subsidiary undertakings.

ROTCH PROPERTY GROUP LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2019****12.3 Subsidiary undertakings**

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The company's subsidiaries are incorporated in England. The company holds more than 20% of the share capital of the companies listed below. Rotch Properties Limited was 50% owned but was treated as a subsidiary as the remaining 50% of its share capital is ultimately held by the company's ultimate controlling party, The Tchenguiz Family Trust, and the company is effectively controlled by the management of Rotch Property Group Limited.

On 28 March 2019, the company acquired the remaining 50% of Rotch Properties Limited not already held by it.

Company	Company of registration or incorporation	Principal activity	Shares held Class	%
Herbframe Limited	England	Property investment	Ordinary	100.00
Holaw (401) Limited	England	Dormant	Ordinary	100.00
Lakeglebe Limited	England	Dormant	Ordinary	100.00
Mistland Limited	England	Dormant	Ordinary	100.00
Portgale Limited	England	Intermediate property Lessor	Ordinary	100.00
Primary Development Limited	England	Property investment	Ordinary	100.00
Rotch Financial Limited	England	Financing	Ordinary	100.00
Rotch Investments (Anglia) Limited	England	Property investment	Ordinary	100.00
Rotch Investments (Plymouth) Limited	England	Property investment	Ordinary	100.00
Rotch Properties Limited	England	Holding company	Ordinary	100.00
B&C Plaza Limited [^]	England	Holding company	Ordinary	100.00
Sagehill Limited [^]	England	Holding company	Ordinary	100.00
Holaw (434) Limited [^]	England	Property investment	Ordinary	100.00
Uni Lease No.1 Limited ^{^*}	England	Property investment	Ordinary	100.00
Boxcrest Limited [^]	England	Holding company	Ordinary	100.00
Holaw (587) Limited ^{^*}	England	Property investment	Ordinary	100.00
Holaw (403) Limited [^]	England	Dormant	Ordinary	100.00
Holaw (429) Limited [^]	England	Property investment	Ordinary	100.00
Park Road (Medical Centre) Limited [^]	England	Dormant	Ordinary	100.00
Placemanor Limited [^]	England	Financing	Ordinary	100.00
Rotch 18 (Welwyn) Limited [^]	England	Property investment	Ordinary	100.00
Valleymile Limited [^]	England	Property investment	Ordinary	100.00
Prime Estates Holdings Limited [^]	England	Holding company	Ordinary	100.00
Prime Estates Property Management Limited [^]	England	Property management	Ordinary	100.00

*These companies hold their property investments by way of finance leases.

[^]These interests are held via Rotch Properties Limited.

The registered address of all of the subsidiaries is 5th Floor, Leconfield House, Curzon Street, W1J 5JA.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

12.4 Associated undertakings

Group

The group held the following interests in an associate, which has been disposed of during the year:

Company	Company of registration or incorporation	Principal activity	Shares held Class	%
Asite Limited	England	Property services	Ordinary	10.14

The registered address of the associate, Asite Limited is 1 Mark Square, London, EC2A 4EG.

The group's interest was held via B&C Plaza Limited, part of the Rotch Properties Limited group of companies. Although B&C Plaza Limited owned 10.14% of the total share capital of Asite Limited, it originally owned 26% of the ordinary 'A' shares which have voting rights attached, giving B&C Plaza Limited significant influence over Asite Limited.

13. Stocks and work in progress

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Stock:-				
Properties held for resale	5,000	5,000	5,000	5,000
Work in progress:-				
Property developments	46,250	46,250	46,250	46,250
	<u>51,250</u>	<u>51,250</u>	<u>51,250</u>	<u>51,250</u>

14. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Due within one year:				
Trade debtors	16,510	8,559	16,510	3,561
Amounts owed by subsidiary undertakings	-	-	4,444,842	7,834,684
Amounts owed by group undertakings	8,970,444	13,779,559	8,930,795	13,741,966
Amounts owed by related undertakings	26,889,168	53,384,646	26,788,668	53,336,646
Other debtors	87,540	2,691,451	85,017	2,554,702
Finance lease receivables (note 15)	1,641,550	1,373,888	-	-
Prepayments and accrued income	654,416	1,377,599	180,235	207,892
	<u>38,259,628</u>	<u>72,615,702</u>	<u>40,446,067</u>	<u>77,679,451</u>
Due after more than one year:				
Amounts owed by group undertakings	2,530,391	2,570,040	-	-
Finance lease receivables (note 15)	13,551,182	15,192,732	-	-
	<u>16,081,573</u>	<u>17,762,772</u>	<u>-</u>	<u>-</u>

The original cost of the finance leases was £17,647,500 (2018: £17,647,500).

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

15. Finance lease receivables

	Group	
	2019	2018
	£	£
Gross amounts receivable under finance leases:		
Within one year	3,242,832	3,136,554
In the second to fifth years inclusive	14,110,499	13,646,857
After five years	4,105,192	7,811,666
	<u>21,458,523</u>	<u>24,595,077</u>
Gross investment		
Less unearned finance income	(6,265,791)	(8,028,457)
	<u>15,192,732</u>	<u>16,566,620</u>
Present value of minimum lease payments		
	<u>15,192,732</u>	<u>16,566,620</u>
Receivable:		
Within one year	1,641,550	1,373,888
In the second to fifth years inclusive	10,000,321	8,539,621
After five years	3,550,861	6,653,111
	<u>15,192,732</u>	<u>16,566,620</u>

The Group did not recognise any contingent rentals during the year (2018: £Nil).

16. Current asset investments

	Group	
	2019	2018
	£	£
Other investments	1	1
	<u>1</u>	<u>1</u>

17. Cash at bank and in hand

Included in the group's cash at bank is £4,867,668 (2018: £4,997,685) of funds lodged with financial institutions as additional security for the borrowing facilities from those institutions and which are not otherwise freely available for use.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

18. Creditors: Amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans (note 19)	20,261,586	1,393,857	-	-
Other loans (note 19)	1,270,066	1,196,619	104,483	104,483
Trade creditors	78,900	874,807	72,902	63,461
Amounts owed to subsidiary undertakings	-	-	40,104,064	61,052,947
Amounts owed to group undertakings	21,419,851	35,088,020	21,419,851	35,088,020
Amounts owed to related undertakings	14,089,771	14,319,728	14,089,771	14,319,728
Other taxation and social security costs	106,073	102,696	16,539	24,709
Corporation tax	419,540	64,381	-	-
Other creditors	99,658	98,724	72,372	72,372
Interest rate swaps	1,918,187	-	-	-
Accruals and deferred income	1,294,616	1,329,630	450,059	654,688
	<u>60,958,248</u>	<u>54,468,462</u>	<u>76,330,041</u>	<u>111,380,408</u>

The bank loans are secured against certain of the group's and company's investment and development properties.

19. Creditors: Amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	-	20,262,651	-	-
Other loans	30,522,740	31,688,322	-	-
Interest rate swaps	-	2,010,903	-	-
	<u>30,522,740</u>	<u>53,961,876</u>	<u>-</u>	<u>-</u>

Bank loans

The bank loans total £21,705,633 (2018: £23,265,946) and are repayable by 2028.

Due to a breach of the valuation covenant during the year, the bank loan became repayable on demand as at 31 May 2019. Subsequent to the year end the loan breach has been remedied.

All bank loans are secured by fixed and floating charges on the investment properties and the property finance leases of those subsidiary undertakings.

Bank loans of £21,705,633 (2018: £23,265,946) to one of the subsidiaries, Uni Lease No.1 Limited, are subject to cross-guarantees and cross-collateralisation of the underlying properties used as security with other bank loans to related parties. The total value of the bank loans subject to this cross-collateralisation, including the group's loans, is £94,936,415 (2018: £97,486,709), and the fair value of the financial instruments also subject to the cross-collateralisation is a liability of £21,496,710 (2018: £20,114,648). The fair value of the properties impacted by the cross collateralisation included in this group is £14,425,149 (2018: £15,768,243).

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

19. Creditors: Amounts falling due after more than one year (continued)

Other loans

Other loans consist of loans of £36,625,836 (2018: £38,027,715) from financial institutions which are repayable by 2060 and are secured by fixed and floating charges on the investment properties of certain subsidiaries and fellow group companies, and unsecured loans of £104,483 (2018: £104,483) which are repayable within one year.

The bank loans are repayable as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
In less than one year	20,261,586	1,560,313	-	-
One to two years	-	1,780,368	-	-
Two to five years	-	6,882,297	-	-
Over five years	-	13,042,968	-	-
	<u>20,261,586</u>	<u>23,265,946</u>	<u>-</u>	<u>-</u>
Less: finance charges allocated to future periods	-	(1,609,438)	-	-
	<u>20,261,586</u>	<u>21,656,508</u>	<u>-</u>	<u>-</u>
Less: included within amounts falling due within one year	(20,261,586)	(1,393,857)	-	-
	<u>-</u>	<u>20,262,651</u>	<u>-</u>	<u>-</u>

The other loans are repayable as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
In less than one year	1,579,809	1,506,361	104,483	104,483
One to two years	1,575,659	1,475,326	-	-
Two to five years	6,059,301	5,507,063	-	-
Over five years	27,515,550	29,643,448	-	-
	<u>36,730,319</u>	<u>38,132,198</u>	<u>104,483</u>	<u>104,483</u>
Less: finance charges allocated to future periods	(4,937,513)	(5,247,257)	-	-
	<u>31,792,806</u>	<u>32,884,941</u>	<u>104,483</u>	<u>104,483</u>
Less: included within amounts falling due within one year	(1,270,066)	(1,196,619)	(104,483)	(104,483)
	<u>30,522,740</u>	<u>31,688,322</u>	<u>-</u>	<u>-</u>

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

19. Creditors: Amounts falling due after more than one year (continued)

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Of the amounts falling due after more than five years:				
Repayable by instalments	27,515,550	42,686,416	-	-

The bank and other loan interest rate analysis is as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Interest rate				
<i>Loans repayable wholly or in part by instalments:</i>				
5.0% - 6.0%	45,250,935	46,181,495	104,483	104,483
7.0% - 8.0%	13,185,017	15,216,649	-	-
	<u>58,435,952</u>	<u>61,398,144</u>	<u>104,483</u>	<u>104,483</u>

The interest rates payable are fixed either by the terms of the relevant loan agreement or by way of fixed rate interest rate swaps.

20. Financial instruments

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Financial assets:				
Debt instruments measured at amortised cost	54,155,206	89,519,298	40,403,567	77,635,160
	<u>54,155,206</u>	<u>89,519,298</u>	<u>40,403,567</u>	<u>77,635,160</u>
	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Financial liabilities:				
Measured at amortised cost	95,183,331	106,044,816	76,305,263	111,347,460
Measured at fair value through profit and loss				
- other financial liabilities	1,918,187	2,010,903	-	-
Total	<u>97,101,518</u>	<u>108,055,719</u>	<u>76,305,263</u>	<u>111,347,460</u>

The group has entered into fixed interest rate swaps to fix the interest rate payable on certain of the bank loans and other loans as detailed in note 19. The fair value of these swaps at 31 May 2019 is a liability of £1,918,187 (2018: £2,010,903). The fair values of interest rate swaps are determined using yield curves. The change attributable to changes in credit risk has not been calculated as this is not considered to be material.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

21. Provisions for liabilities

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Deferred Taxation	4,372,983	4,153,073	290,042	269,617

The movement in the year is as follows:

	Group Deferred Taxation £
Balance at 1 June 2018	4,153,073
Transfer from profit and loss account	219,910
Balance at 31 May 2019	4,372,983

The movement in the year is as follows:

	Company Deferred taxation £
Balance at 1 June 2018	269,617
Transfer from profit and loss account	20,425
Balance at 31 May 2019	290,042

Deferred taxation

The analysis of the deferred tax position is as follows:

Group	Provided		Unprovided	
	2019	2018	2019	2018
	£	£	£	£
Excess of tax allowances over depreciation	33,138	25,065	-	-
Other timing differences	1,164,056	1,382,072	-	-
Tax losses available	-	-	(5,723,000)	(5,723,000)
Surplus on revaluations	3,501,881	3,087,789	-	-
Gain held over	-	-	5,493,000	5,493,000
Interest rate swaps	(326,092)	(341,853)	-	-
	4,372,983	4,153,073	(230,000)	(230,000)

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

21. Provisions for liabilities (continued)

The analysis of the deferred tax position is as follows:

Company	Provided		Unprovided	
	2019 £	2018 £	2019 £	2018 £
Excess of tax allowances over depreciation	(10,518)	(18,211)	-	-
Tax losses available	-	-	(5,723,000)	(5,723,000)
Surplus on revaluations	300,560	287,828	-	-
Gain held over	-	-	5,493,000	5,493,000
	<u>290,042</u>	<u>269,617</u>	<u>(230,000)</u>	<u>(230,000)</u>

Other timing differences arise on the difference in recognition of net income from finance leases over the lease term at a constant rate of return and that recognised for tax purposes.

The deferred tax asset arising on certain of the unutilised losses has not been recognised, as recovery in the foreseeable future of those losses is considered remote.

The gain held over would only crystallise if the subsidiary in which the gain arose was disposed of by the group; deferred tax has not been provided for since the liability is not considered to be likely to crystallise.

22. Share Capital and Reserves

	2019 £	2018 £
Allotted, issued and fully paid:		
Equity shares:		
100,000 ordinary shares of £1 each	100,000	100,000

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Reserves

Reserves of the Group represent the following:

Retained earnings

Cumulative profit and loss net of distributions to owners.

Investment property fair value reserve

Cumulative gross revaluation gains on the group's investment property.

Other Investment fair value reserve

Cumulative gross revaluation gains and losses on listed and unlisted investments.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

23. Non-controlling interests

	Group £
At 1 June 2018	22,282,116
Share of profit after taxation	1,163,460
Eliminated on acquisition	(23,445,576)
At 31 May 2019	-

The non-controlling interest represented a 50% holding in Rotch Properties Limited by Vertigo Overseas Limited, which is a wholly-owned subsidiary of the Group's ultimate controlling party the Tchenguiz Family Trust.

During the year the company acquired the non-controlling interest from Vertigo Overseas Limited.

24. Reconciliation of consolidated profit after tax to net cash generated from operations

	2019 £	2018 £
Profit after tax	4,253,169	8,721,809
Adjustments for:		
Depreciation of tangible fixed assets	4,049	2,626
Profit on sale of fixed asset investment	(663)	(46,685)
Loss/(profit) on sale of tangible fixed assets	2,294	(6,668,959)
Loss on disposal of finance leases	-	22,427
Profit on sale of associate	(2,790,765)	-
Fair value gains on investment properties	(1,951,000)	(2,729,000)
Share of profit of associates	(151,013)	(179,136)
Fair value deficit on investments	2,777	76,627
Interest receivable	(839,691)	(1,413,429)
Interest payable	3,976,583	6,248,046
Taxation	643,294	404,896
Operating cash flow before movements in working capital	3,149,034	4,439,222
Decrease in trade and other debtors	4,665,287	370,460
(Decrease)/increase in trade and other creditors	(795,348)	380,437
Decrease/(increase) in related party debtors	31,344,242	(11,929,500)
Decrease in related party creditors	(13,898,126)	(61,400)
	21,316,055	(11,240,003)
Cash generated from/(used in) operations	24,465,089	(6,800,781)
Cash and cash equivalents		
	2019 £	2018 £
Cash and cash equivalents represent:		
Cash at bank	4,928,465	5,129,447

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

25. Commitments

Commitments under operating leases

The Group as a lessee

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

	Land and buildings	
	2019	2018
	£	£
Leases which expire:-		
Within one year	2,690,313	2,688,316
Within 2 to 5 years	11,603,807	10,867,012
After 5 years	108,042,790	111,467,898
	<u>122,336,910</u>	<u>125,023,226</u>

The leases of land and buildings are subject to periodic review.

The Group as a lessor

At the year end, the Group had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease payments:

	Group	
	2019	2018
	£	£
Amounts receivable:-		
Within one year	5,503,303	5,426,500
Within 2 to 5 years	23,656,891	22,352,431
After 5 years	192,123,318	197,327,207
	<u>221,283,512</u>	<u>222,106,138</u>

The rental received under operating leases was £5,476,017 (2018: £5,153,766). This is made up of 6 leases which have between 7 and 119 years remaining. There is also a lease held under a 999 year lease for a peppercorn rent.

The company had no commitments under operating leases as a lessee or a lessor.

Capital commitments

Group and Company

	2019	2018
	£	£
Investment in venture funds	<u>122,953</u>	<u>122,861</u>

ROTCH PROPERTY GROUP LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2019****26. Contingencies and guarantees**

The group and company have undertaken to provide limited financial support to certain of its subsidiary undertakings and to certain of its related party undertakings which are ultimately controlled by the Tchenguiz Family Trust, so as to assist the companies in meeting their operational costs as they arise.

The group and company have also guaranteed:

- (1) the shortfall in the triennial valuation tests of loans advanced to three related companies. At the year end there was a shortfall of £4.1m, however post year end the loan terms have been renegotiated, resulting in the shortfall being remedied.
- (2) the swap break costs in the event of the repayment of a loan advanced to a related party and any shortfall in rentals. The estimated swap break costs as at 31 May 2019 are £2.9m (2018: £2.6m) and the company's exposure under the guarantee is estimated as £2.9m (2018: £2.6m) as at 31 May 2019.
- (3) the covenants entered into by a related company in respect of its occupational lease of office premises at an annual rental of £1.0m (2018: £1.0m). Currently the rentals are being met when demanded.

As at 31 May 2019 and to date there have been no calls under the above guarantees and the directors do not expect this to change in the foreseeable future. Therefore, no provision has been made.

27. Related party transactions

The group is related to fellow subsidiaries of Sunnymist Limited (the company's ultimate parent) with whom in many cases it has directors in common. At the balance sheet date the following amounts were due to/from the following companies:

Amounts owed by group companies

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bartonpath Limited	511,002	518,477	-	-
Beamlock Limited	5,093,143	4,895,212	5,093,143	4,895,212
Five Mile Limited *	2,035,107	1,719,380	2,035,107	1,719,380
Genmead Limited	2,059,038	2,181,868	-	92,712
VR Hotel (Holdings) Limited	219,995	219,995	219,995	219,995
Sunnymist Limited	5,317	5,115,895	5,317	5,115,895
Tamevale Limited	34,862,007	34,353,407	34,862,007	34,353,407
	<u>44,785,609</u>	<u>49,004,234</u>	<u>42,215,569</u>	<u>46,396,601</u>
Less provisions	(33,284,774)	(32,654,635)	(33,284,774)	(32,654,635)
	<u>11,500,835</u>	<u>16,349,599</u>	<u>8,930,795</u>	<u>13,741,966</u>

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

27. Related party transactions (continued)

Amounts owed by group companies (continued)

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts due within one year	8,970,444	13,779,559	8,930,795	13,741,966
Amounts due in more than one year	2,530,391	2,570,040	-	-
	<u>11,500,835</u>	<u>16,349,599</u>	<u>8,930,795</u>	<u>13,741,966</u>

* and their subsidiaries

Amounts owed to group companies

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bartonpath Limited	260,682	176,075	260,682	176,075
Five Mile Limited *	16,559,012	30,496,418	16,559,012	30,496,418
VR Hotel (Holdings) Limited*	4,401,527	4,415,527	4,401,527	4,415,527
Genmead Limited	198,630	-	198,630	-
	<u>21,419,851</u>	<u>35,088,020</u>	<u>21,419,851</u>	<u>35,088,020</u>

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts due within one year	21,419,851	35,088,020	21,419,851	35,088,020

* and their subsidiaries

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Interest receivable from group companies	728,872	893,292	590,116	752,573
Management fees receivable from group companies	43,425	54,025	42,050	50,050

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

27. Related party transactions (continued)

The group is related to other companies controlled by the Tchenguiz Family Trust and to other companies with whom in many cases it has a director in common. The company also provides funding to, and receives funding from other Tchenguiz family trusts, of which the directors R Tchenguiz and V Tchenguiz are a beneficiary and certain companies controlled by those trusts.

At the balance sheet date the following amounts were due to/from these related parties:

Amounts owed by related undertakings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Crowlane Limited	-	160,857	-	160,857
Holaw (546) Limited	740,658	740,658	740,658	740,658
Lanespace Limited*	81,300	383,066	78,000	383,066
Leconfield House Limited	-	278,357	-	278,357
R20 Limited*	-	23,488,417	-	23,488,417
Vincos Limited	26,801,865	48,745,435	26,704,665	48,697,435
Other entities	6,103	261,472	6,103	261,472
	<u>27,629,926</u>	<u>74,058,262</u>	<u>27,529,426</u>	<u>74,010,262</u>
Less provisions	(740,758)	(20,673,616)	(740,758)	(20,673,616)
Amounts due within one year	<u>26,889,168</u>	<u>53,384,646</u>	<u>26,788,668</u>	<u>53,336,646</u>

* and their subsidiaries

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

27. Related party transactions (continued)

Amounts owed to related undertakings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Newton Properties Limited	14,069,653	14,069,653	14,069,653	14,069,653
Other entities	20,118	250,075	20,118	250,075
	<u>14,089,771</u>	<u>14,319,728</u>	<u>14,089,771</u>	<u>14,319,728</u>

All amounts above fall due within one year.

*** and their subsidiaries**

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Management fees receivable from related parties	<u>549,860</u>	<u>485,663</u>	<u>153,250</u>	<u>135,700</u>
Professional fees payable to related parties	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>

The company and group occupy offices under an annually renewable licence from R20 Advisory Limited, a company related by virtue of a common beneficiary. The rent paid during the year was £103,878 (2018: £103,707).

Additionally, included within Administrative Expenses is £60,000 (2018: £60,000) of staff costs recharged from a company under common control. Included within Trade creditors is £36,000 (2018: £18,000) of this recharge that remained outstanding at year end.

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

28. Immediate and ultimate parent company

The company's immediate parent company is Vin-Rotch Properties Limited Inc., a company incorporated in the Republic of Panama.

The company's ultimate parent company is Sunnymist Limited, a company incorporated in the British Virgin Islands.

29. Ultimate controlling party

The ultimate controlling party is the Tchenguiz Family Trust.