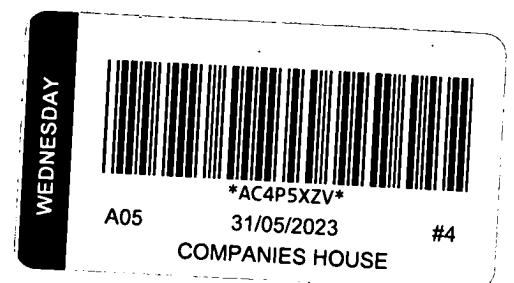


ROTCH PROPERTY GROUP LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022



ROTCH PROPERTY GROUP LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

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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
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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 1st Floor
35 Park Lane
London W1K 1RB

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 2022.

Review of the business

There were no acquisitions of property during the year (2021: Nil). One investment property held as a finance lease was sold for £1,457,922 (2021: Nil). At 31 May 2022 the directors valued the group's investment property portfolio at £50,522,002 (2021: £50,015,002).

The group's results for the year are set out on page 9. The group has made a profit of £5,934,864 (2021: £2,014,280 loss) largely as a result of some upward property valuations and released provisions against amounts due from related companies. The directors are hopeful that the commercial property market will continue to improve during 2023.

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:

	2022	2021
Ratio of loan to property value/finance lease	69.9%	74.7%
Interest rental cover	302.8%	270.7%

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 Chartered Surveyors.

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 Chartered Surveyors, 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.

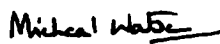
Third party risk

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 25. 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



M Watson
Director

23 May 2023

ROTCH PROPERTY GROUP LIMITED

GROUP DIRECTORS' REPORT

The directors submit their 42nd annual report and the audited group financial statements of Rotch Property Group Limited for the year ended 31 May 2022. 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 2021:

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 group and company 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.

Small companies' exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption

On behalf of the board



M Watson
Director

2023

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 2022 which comprise the 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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 or 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,
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

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

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from internal tax advisors.

The group audit engagement team identified the risk of management override of controls and valuation of investment property as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates applied in the valuation of investment properties.

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.

RSM UK Audit LLP

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

31 May 2023

ROTCH PROPERTY GROUP LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	2021 £
Group turnover	2	7,012,999	7,016,273
Cost of sales	3	(2,688,513)	(2,695,763)
Gross profit		4,324,486	4,320,510
Administrative expenses		(1,239,969)	(1,475,357)
Provision against amounts due from related companies		4,039,152	(350,892)
Other operating income (net)	5	310,625	551,080
Group operating profit		7,434,294	3,045,341
Fair value gain/(deficit) on investments	12.1	15,096	(437)
Fair value gain/(deficit) on investment properties	11	507,000	(1,106,000)
Profit on disposal of fixed asset investments	6	705	-
Profit on disposal of finance lease		581,826	-
Interest receivable and similar income	7	1,144,054	806,550
Interest payable and similar charges	8	(2,971,492)	(3,911,710)
Profit/(loss) on ordinary activities before taxation	4	6,711,483	(1,166,256)
Tax on profit/(loss) on ordinary activities	10	(776,619)	(848,024)
Profit/(loss) on ordinary activities after tax and total comprehensive income for the year		5,934,864	(2,014,280)
Profit/(loss) and total comprehensive income for the year		5,934,864	(2,014,280)

ROTCH PROPERTY GROUP LIMITED

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

AT 31 MAY 2022

	Notes	£	2022	£	£	2021	£
Fixed assets							
Tangible assets	11		50,536,605			50,035,120	
Investments:							
Other	12.1		135,626			123,814	
			50,672,231			50,158,934	
Current assets							
Stocks and work in progress	13	43,600			43,800		
Debtors due within one year	14	42,542,206			38,689,070		
Debtors due after more than one year	14	7,340,613			12,104,755		
Investments	16	1			1		
Cash at bank and in hand	17	390,033			770,567		
			50,316,453		51,608,193		
Creditors: Amounts falling due within one year	18	(40,299,919)			(41,065,877)		
Net current assets			10,016,534			10,542,316	
Total assets less current liabilities			60,688,765			60,701,250	
Creditors: Amounts falling due after more than one year	19		(39,250,027)			(45,064,544)	
Provisions for liabilities	21		(4,733,453)			(4,866,285)	
Net assets			16,705,285			10,770,421	
Capital and reserves							
Called up share capital	22		100,000			100,000	
Fair value reserve:							
- Investment properties	22		30,537,442			30,030,442	
- Other investments	22		2,410			2,410	
Profit and loss account	22		(13,934,567)			(19,362,431)	
Equity attributable to owners of the parent			16,705,285			10,770,421	

The financial statements on pages 9 to 43 were approved by the board of directors and authorised for issue on 23 May 2023 and are signed on its behalf by:

Michael Watson

M Watson
Director

ROTCH PROPERTY GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2022

	Share capital £	Other investments fair value reserve £	Investment properties fair value reserve £	Profit and loss account £	Total £
Balance at 1 June 2020	100,000	2,410	31,136,442	(18,454,151)	12,784,701
Loss for the year	-	-	-	(2,014,280)	(2,014,280)
Unrealised deficit on revaluation of investment properties: - of the group	-	-	(1,106,000)	1,106,000	-
Balance at 31 May 2021	<u>100,000</u>	<u>2,410</u>	<u>30,030,442</u>	<u>(19,362,431)</u>	<u>10,770,421</u>
Profit for the year	-	-	-	5,934,864	5,934,864
Unrealised surplus on revaluation of investment properties: - of the group	-	-	507,000	(507,000)	-
Balance at 31 May 2022	<u>100,000</u>	<u>2,410</u>	<u>30,537,442</u>	<u>(13,934,567)</u>	<u>16,705,285</u>

ROTCH PROPERTY GROUP LIMITED

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

AT 31 MAY 2022

	Notes	2022	2021
		£	£
Fixed assets			
Tangible assets	11	2,368,603	2,526,820
Investments	12.2	31,829,686	28,293,329
		<u>34,198,289</u>	<u>30,820,149</u>
Current assets			
Stocks and work in progress	13	43,600	43,800
Debtors due within one year	14	49,357,433	47,281,908
Cash at bank and in hand		235,544	148,176
		<u>49,636,577</u>	<u>47,473,884</u>
Creditors: Amounts falling due within one year	18	(86,600,448)	(87,475,167)
Net current liabilities		<u>(36,963,871)</u>	<u>(40,001,283)</u>
Total assets less current liabilities		<u>(2,765,582)</u>	<u>(9,181,134)</u>
Provisions for liabilities	21	(574,153)	(610,834)
Net liabilities		<u>(3,339,735)</u>	<u>(9,791,968)</u>
Capital and reserves			
Called up share capital	22	100,000	100,000
Fair value reserve:			
- Investment properties	22	2,344,000	2,497,000
- Other investments	22	2,410	2,410
Profit and loss account	22	(5,786,145)	(12,391,378)
Total equity		<u>(3,339,735)</u>	<u>(9,791,968)</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 £6,452,233 (2021: loss of £2,877,447).

The financial statements on pages 9 to 43 were approved by the board of directors and authorised for issue on 23 May 2023 and are signed on its behalf by:

Michael Watson

M Watson
Director

ROTCH PROPERTY GROUP LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2022

	Share capital £	Investment properties fair value reserve £	Other investments fair value reserve £	Profit and loss account £	Total £
Balance at 1 June 2020	100,000	2,860,000	2,410	(9,876,931)	(6,914,521)
Loss for the year	-	-	-	(2,877,447)	(2,877,447)
Deficit on property revaluations	-	(363,000)	-	363,000	-
Balance at 31 May 2021	<u>100,000</u>	<u>2,497,000</u>	<u>2,410</u>	<u>(12,391,378)</u>	<u>(9,791,968)</u>
Profit for the year	-	-	-	6,452,233	6,452,233
Deficit on property revaluations	-	(153,000)	-	153,000	-
Balance at 31 May 2022	<u><u>100,000</u></u>	<u><u>2,344,000</u></u>	<u><u>2,410</u></u>	<u><u>(5,786,145)</u></u>	<u><u>(3,339,735)</u></u>

ROTCH PROPERTY GROUP LIMITED

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2022

	Notes	£	2022 £	£	2021 £
OPERATING ACTIVITIES					
Cash generated from operations	23	5,976,884		3,458,603	
Interest paid		(2,823,146)		(3,847,836)	
NET CASH GENERATED FROM/ (ABSORBED BY) OPERATING ACTIVITIES			3,153,738		(389,233)
TAX PAID			(393,240)		(375,279)
INVESTING ACTIVITIES					
Proceeds on sale of finance leases		1,457,922		-	
Proceeds on disposal of investments		3,989		8,833	
Purchase of tangible fixed assets		(479)		(655)	
Interest received		279,476		344,069	
NET CASH FROM INVESTING ACTIVITIES			1,740,908		352,247
FINANCING ACTIVITIES					
Repayments of borrowings		(4,881,940)		(3,920,591)	
NET CASH USED IN FINANCING ACTIVITIES			(4,881,940)		(3,920,591)
NET DECREASE IN CASH AND CASH EQUIVALENTS			(380,534)		(4,332,856)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			770,567		5,103,423
CASH AND CASH EQUIVALENTS AT END OF YEAR			390,033		770,567
Relating to:-					
Bank balances and short term deposits included in "cash at bank and in hand"			390,033		770,567

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

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 2022.

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 £37m and a net liability position of £3m. This is largely due to amounts owing to group and related companies of £86m, included in short term creditors. The Group has a net current asset position of £10m and a net asset position of £17m. The group has balances due to related and group undertakings of £35m. 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. 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 25, 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.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

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.

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.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

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 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.

1.9 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.

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.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

1.10 Current asset investments

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

1.11 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 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.

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.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

1.12 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.

1.13 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.

1.14 Functional and presentational currencies

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

1.15 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.

1.16 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 2022

1.16 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 measured 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 2022

1.16 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.

1.17 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.

1.18 Liquid resources

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

1.19 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 contributions actually paid are shown as either accruals or prepayments.

1.20 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 2022

1.20 Critical accounting estimates and areas of judgement (Continued)

Finance lease rentals

A 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

A 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

	2022	2021
	£	£
Turnover is wholly undertaken in the United Kingdom		
Analysis of turnover by activity:		
Rent receivable from investment properties	5,850,270	5,595,745
Finance charges on leased properties	1,162,729	1,420,528
	<u>7,012,999</u>	<u>7,016,273</u>

3. Cost of sales

	2022	2021
	£	£
Operating lease rentals - headleases on sublet		
land and buildings	2,688,313	2,688,313
Work in progress write down	200	7,450
	<u>2,688,513</u>	<u>2,695,763</u>

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

4. Profit/(loss) on ordinary activities before taxation	2022	2021
	£	£
Profit/(loss) on ordinary activities before taxation is stated after charging:-		
Fair value gain/(deficit) on investment properties	507,000	(1,106,000)
Auditor's remuneration:		
Statutory audit of parent and consolidated accounts	118,200	65,000
Statutory audit of the subsidiary accounts	62,480	61,400
Depreciation of tangible fixed assets	4,756	6,438
Operating lease rentals - land and buildings	2,735,607	2,746,485
	2022	2021
5. Other operating income (net)	£	£
Management fees, licences and commissions	310,747	552,050
Exchange differences on foreign currency transactions	(122)	(970)
	310,625	551,080
6. Profit on disposal of fixed asset investments	2022	2021
	£	£
Profit on disposal of unlisted investments	705	-
7. Interest receivable and similar income	2022	2021
	£	£
Fair value gain on interest rate swaps	866,584	479,444
Group undertakings	277,053	325,643
Bank	417	1,463
	1,144,054	806,550

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

8. Interest payable and similar charges	2022	2021
	£	£
Bank loans and overdrafts	1,044,972	1,194,294
Other loans	1,271,429	1,398,025
Other interest	11,009	9,817
Amortisation of finance charges	265,432	291,574
Finance charges on loan repayment	121,695	-
Break costs	256,955	1,018,000
	2,971,492	3,911,710

9. Employees and Directors	2022	2021
	£	£
Staff costs including directors during the year amounted to:-		
Wages and salaries	766,196	893,167
Social security costs	94,235	108,105
Other pension costs	17,134	29,116
	877,565	1,030,388

The group operates a defined contribution pension scheme to which contributions of £17,134 (2021: £29,116) were made during the year.

The average number of employees during the year was:-	2022	2021
	No.	No.
Management and administration	9	11

	2022	2021
	£	£
Directors' emoluments:		
Executive remuneration	3,204	3,204

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

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

10. Taxation	2022	2021
	£	£
Current tax		
Corporation tax	684,689	558,310
Total current tax	684,689	558,310
Deferred tax		
Effect of increased tax rate on opening liability	-	1,031,469
Origination and reversal of timing differences	91,930	54,669
Adjustment to prior year provisions	-	(796,424)
Total deferred tax	91,930	289,714
Total tax on profit on ordinary activities	776,619	848,024

The tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

Factors affecting the current tax charge for year:	2022	2021
	£	£
Profit/(loss) on ordinary activities before taxation	6,711,483	(1,166,256)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2021: 19%)	1,275,182	(221,589)
Effects of:		
Non deductible/taxable items	(511,422)	346,577
Adjustment to prior year provisions	-	(796,424)
Capital transactions	(100,840)	-
Group relief (net)	155,701	281,346
UK transfer pricing	14,339	(6,421)
Lease premium relief	(50,315)	(50,315)
Excess of tax allowances over depreciation	(1,624)	(1,888)
Adjustment in respect of finance leases	(120,213)	18,225
Deferred tax on swaps	216,646	4,215
Deferred tax on investment properties	(102,402)	243,511
Other	1,567	(682)
Effects of changes in tax rates	-	1,031,469
Tax expense	776,619	848,024

Under Finance Act 2021, which was substantively enacted on 24 May 2021, it was announced that the main rate of corporation tax would increase to 25% from 1 April 2023. Therefore, the deferred tax balances at 31 May 2021 have been calculated accordingly at 25% except where the timing differences are expected to unwind before 31 March 2023.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

11. Tangible fixed assets

Group	Investment properties £	Fixtures & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2021	50,015,002	99,046	92,315	50,206,363
Revaluation	507,000	-	-	507,000
Additions	-	479	-	479
Disposals	-	(9,828)	(17,163)	(26,991)
At 31 May 2022	50,522,002	89,697	75,152	50,686,851
Depreciation				
At 1 June 2021	-	78,971	92,272	171,243
Charge for the year	-	4,753	3	4,756
On disposals	-	(8,622)	(17,131)	(25,753)
At 31 May 2022	-	75,102	75,144	150,246
Carrying amount				
At 31 May 2022	50,522,002	14,595	8	50,536,605
At 31 May 2021	50,015,002	20,075	43	50,035,120

The investment properties were valued as at 31 May 2022 at £50,522,002 (2021: £50,015,002) 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 2022 was £19,984,563 (2021: £19,984,563).

Investment properties at net book value comprise:-

	2022 £	2021 £
Freehold	10,304,000	11,647,000
Long leasehold	40,218,002	38,368,002
	50,522,002	50,015,002

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

11. Tangible fixed assets (continued)

Company	Investment properties £	Fixtures & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2021	2,507,000	96,221	92,315	2,695,536
Revaluation	(153,000)	-	-	(153,000)
Additions	-	479	-	479
Disposals	-	(7,005)	(17,163)	(24,168)
At 31 May 2022	2,354,000	89,695	75,152	2,518,847
Depreciation				
At 1 June 2021	-	76,444	92,272	168,716
Charge for the year	-	4,697	3	4,700
On disposals	-	(6,041)	(17,131)	(23,172)
At 31 May 2022	-	75,100	75,144	150,244
Net book value				
At 31 May 2022	2,354,000	14,595	8	2,368,603
At 31 May 2021	2,507,000	19,777	43	2,526,820

The investment properties have been valued as at 31 May 2022 at £2,354,000 (2021: £2,507,000) by the directors based on reports provided to them by Chartered Surveyors employed by a related 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 2022 was £10,000 (2021: £10,000).

Investment properties at net book value comprise:-

	2022 £	2021 £
Freehold	2,354,000	2,507,000

ROTCH PROPERTY GROUP LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2022****12. Fixed asset investments****12.1 Group**

	Unlisted investments £	Total £
Valuation		
At 1 June 2021	123,814	123,814
Disposals	(3,284)	(3,284)
Write back	15,096	15,096
At 31 May 2022	135,626	135,626
Carrying amount		
At 31 May 2022	135,626	135,626
At 31 May 2021	123,814	123,814

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 £432,902 (2021: £436,186).

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

12. Fixed asset investments (continued)

12.2 Company

	Unlisted investments £	Subsidiary undertakings £	Total £
Cost or valuation			
At 1 June 2021	120,387	68,685,784	68,806,171
Disposals	(3,284)	-	(3,284)
Write back/(down)	16,322	-	16,322
At 31 May 2022	133,425	68,685,784	68,819,209
Impairment provisions			
At 1 June 2021	-	40,512,842	40,512,842
Release in the year	-	(3,523,319)	(3,523,319)
At 31 May 2022	-	36,989,523	36,989,523
Carrying amount			
At 31 May 2022	133,425	31,696,261	31,829,686
At 31 May 2021	120,387	28,172,942	28,293,329

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 £422,902 (2021: £426,186).

ROTCH PROPERTY GROUP LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2022****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.

Company	Country of registration or incorporation	Principal activity	Shares held Class	%
Herbframe Limited	England	Property investment	Ordinary	100.00
Lakeglebe 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 (429) Limited^	England	Property investment	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 1st Floor, 35 Park Lane, London, W1K 1RB.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

13. Stocks and work in progress

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Stock:-				
Properties held for resale	5,000	5,000	5,000	5,000
Work in progress:-				
Property developments	38,600	38,800	38,600	38,800
	43,600	43,800	43,600	43,800

14. Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Due within one year:				
Trade debtors	23,841	4,502	-	602
Amounts owed by subsidiary undertakings	-	-	9,879,389	11,349,512
Amounts owed by group undertakings	39,166,762	35,607,657	39,101,210	35,563,553
Amounts owed by related undertakings	6,002	32,535	6,002	21,210
Other debtors	46,559	90,189	43,458	74,597
Finance lease receivables (note 15)	2,628,350	2,271,915	-	-
Prepayments and accrued income	670,692	682,272	327,374	272,434
	42,542,206	38,689,070	49,357,433	47,281,908
Due after more than one year:				
Amounts owed by group undertakings	1,402,958	2,444,470	-	-
Finance lease receivables (note 15)	5,847,086	9,344,954	-	-
Deferred tax asset (note 21)	90,569	315,331	-	-
	7,340,613	12,104,755	-	-

The original cost of the finance leases was £16,320,930 (2021: £17,647,500).

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

15. Finance lease receivables

	2022	Group
	£	2021
		£
Gross amounts receivable under finance leases:		
Within one year	3,484,515	3,501,679
In the second to fifth years inclusive	6,611,666	10,636,181
After five years	-	1,215,000
	10,096,181	15,352,860
Gross investment	10,096,181	15,352,860
Less unearned finance income	(1,620,745)	(3,735,991)
	8,475,436	11,616,869
Present value of minimum lease payments	8,475,436	11,616,869
Receivable:		
Within one year	2,628,350	2,271,915
In the second to fifth years inclusive	5,847,086	8,614,164
After five years	-	730,790
	8,475,436	11,616,869

The Group did not recognise any contingent rentals during the year (2021: £Nil).

16. Current asset investments

	2022	Group
	£	2021
		£
Other investments	1	1

17. Cash at bank and in hand

Included in the group's cash at bank is £229,797 (2021: £631,484) 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 2021

18. Creditors: Amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans (note 19)	2,396,908	2,110,407	-	-
Other loans (note 19)	153,441	284,506	-	104,483
Trade creditors	30,589	176,926	24,179	163,022
Amounts owed to subsidiary undertakings	-	-	50,912,229	50,584,521
Amounts owed to group undertakings	20,120,185	21,259,277	20,120,185	21,259,277
Amounts owed to related undertakings	14,989,914	14,841,519	14,989,914	14,841,519
Other taxation and social security costs	97,612	102,620	19,333	18,415
Corporation tax	1,242,999	951,550	-	-
Other creditors	188,132	188,049	163,552	162,376
Accruals and deferred income	1,080,139	1,151,023	371,056	341,554
	40,299,919	41,065,877	86,600,448	87,475,167

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	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	12,833,740	15,237,782	-	-
Other loans	25,834,870	28,378,760	-	-
Interest rate swaps	581,417	1,448,002	-	-
	39,250,027	45,064,544	-	-

Bank loans

The bank loans total £15,609,002 (2021: £17,895,670) and are repayable by 2028.

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 £15,609,002 (2021: £17,895,670) 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 £94,315,513 (2021: £98,115,203), and the fair value of the financial instruments also subject to the cross-collateralisation is a liability of £18,050,471 (2021: £25,497,966). The fair value of the properties impacted by the cross collateralisation included in this group is £8,475,436 (2021: £10,722,189).

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

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

Other loans

Other loans consist of loans of £31,024,668 (2021: £33,619,940) 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 £Nil (2021: £104,483) which are repayable within one year.

The bank loans are repayable as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
In less than one year	2,566,034	2,286,668	-	-
One to two years	2,866,765	2,566,034	-	-
Two to five years	10,176,203	13,042,968	-	-
	15,609,002	17,895,670	-	-
Less: finance charges allocated to future periods	(378,354)	(547,481)	-	-
	15,230,648	17,348,189	-	-
Less: included within amounts falling due within one year	(2,396,908)	(2,110,407)	-	-
	12,833,740	15,237,782	-	-

The other loans are repayable as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
In less than one year	249,746	379,937	-	104,483
One to two years	260,223	287,540	-	-
Two to five years	848,199	940,796	-	-
Over five years	29,666,500	32,116,150	-	-
	31,024,668	33,724,423	-	104,483
Less: finance charges allocated to future periods	(5,036,357)	(5,061,157)	-	-
	25,988,311	28,663,266	-	104,483
Less: included within amounts falling due within one year	(153,441)	(284,506)	-	(104,483)
	25,834,870	28,378,760	-	-

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Of the amounts falling due after more than five years:				
Repayable by instalments	29,666,500	32,116,150	-	-

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Interest rate				
<i>Loans repayable wholly or in part by instalments:</i>				
3.0% - 4.0%	29,556,158	29,733,711	-	-
5.0% - 6.0%	9,844,664	12,667,391	-	104,483
7.0% - 8.0%	7,232,848	9,218,991	-	-
	46,633,670	51,620,093	-	104,483

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	
	2022	2021	2022	2021
	£	£	£	£
Financial liabilities:				
Measured at fair value through profit and loss				
- other financial liabilities	581,417	1,448,002	-	-
Total	581,417	1,448,002	-	-

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 2022 is a liability of £581,417 (2021: £1,448,002). 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 2022

21. Provisions for liabilities

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred taxation	4,733,453	4,866,285	574,153	610,834

The movement in the year is as follows:

	Group Deferred Taxation £
Balance at 1 June 2021	4,550,954
Transfer from profit and loss account	91,930
Balance at 31 May 2022	4,642,884

Provision for deferred tax has been made as follows:

	2022 £	2021 £
Deferred tax liabilities	4,733,453	4,866,285
Deferred tax assets	(90,569)	(315,331)
	4,642,884	4,550,954

The movement in the year is as follows:

	Company Deferred Taxation £
Balance at 1 June 2021	610,834
Transfer from profit and loss account	(36,681)
Balance at 31 May 2022	574,153

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

21. Provisions for liabilities (continued)

The analysis of the deferred tax position is as follows:

Group	Provided		Unprovided	
	2022	2021	2022	2021
	£	£	£	£
Excess of tax allowances over depreciation	55,994	54,117	-	-
Other timing differences	54,785	174,998	-	-
Tax losses available	-	-	(8,417,000)	(8,417,000)
Surplus on revaluations	4,677,459	4,683,839	-	-
Gain held over	-	-	8,077,500	8,077,500
Interest rate swaps	(145,354)	(362,000)	-	-
	<u>4,642,884</u>	<u>4,550,954</u>	<u>(339,500)</u>	<u>(339,500)</u>

The analysis of the deferred tax position is as follows:

Company	Provided		Unprovided	
	2022	2021	2022	2021
	£	£	£	£
Excess of tax allowances over depreciation	(9,347)	(10,916)	-	-
Tax losses available	-	-	(8,417,000)	(8,417,000)
Surplus on revaluations	583,500	621,750	-	-
Gain held over	-	-	8,077,500	8,077,500
	<u>574,153</u>	<u>610,834</u>	<u>(339,500)</u>	<u>(339,500)</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

	2022	2021
	£	£
Allotted, issued and fully paid:		
Equity shares:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

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 of the Group represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

22. Share Capital and Reserves (continued)

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.

23. Reconciliation of consolidated loss after tax to net cash generated from operations

	2022 £	2021 £		
Profit/(loss) after tax	5,934,864	(2,014,280)		
Adjustments for:				
Depreciation of tangible fixed assets	4,756	6,438		
Profit on sale of fixed asset investment	(705)	-		
Loss on sale of tangible fixed assets	1,238	-		
Fair value (gain)/deficit on investment properties	(507,000)	1,106,000		
Fair value (gain)/deficit on investments	(15,096)	437		
Interest receivable	(1,144,054)	(806,550)		
Interest payable	2,971,492	3,911,710		
Taxation	776,619	848,024		
Profit on sale of finance lease	(581,816)	-		
Operating cash flow before movements in working capital	7,440,298	3,051,779		
Decrease in trade and other debtors	2,299,191	1,798,996		
(Decrease)/increase in trade and other creditors	(281,048)	38,640		
Increase in related party debtors	(2,491,060)	(1,320,874)		
Decrease in related party creditors	(990,697)	(117,388)		
Decrease in stocks	200	7,450		
	(1,463,414)	406,824		
Cash generated from operations	5,976,884	3,458,603		
Cash and cash equivalents	2022 £	2021 £		
Cash and cash equivalents represent:				
Cash at bank	390,033	770,567		
Consolidated analysis of changes in net debt:				
	1 June 2021 £	Non Cashflow movements £	Cashflow £	31 May 2022 £
Cash at bank and in hand	770,567	-	(380,534)	390,033
Debt due within 1 year:				
Borrowings	(2,394,913)	(5,037,376)	4,881,940	(2,550,349)
Debt due after 1 year:				
Borrowings	(43,616,542)	4,947,932	-	(38,668,610)
	(45,240,888)	(89,444)	4,501,406	(40,828,926)

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

24. 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	
	2022	2021
	£	£
Leases which expire:-		
Within one year	2,823,563	2,688,316
Within 2 to 5 years	13,678,934	13,098,888
After 5 years	97,767,406	101,192,514
	<u>114,269,903</u>	<u>116,979,718</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	
	2022	2021
	£	£
Amounts receivable:-		
Within one year	5,963,204	5,825,140
Within 2 to 5 years	24,408,920	25,657,451
After 5 years	181,554,822	182,804,493
	<u>211,926,946</u>	<u>214,287,084</u>

The rental received under operating leases was £5,850,270 (2021: £5,595,745). This is made up of 6 leases which have between 6 and 118 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

	2022	2021
	£	£
Investment in venture funds	<u>122,585</u>	<u>122,684</u>

ROTCH PROPERTY GROUP LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2022****25. 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 has also guaranteed:

- (1) the shortfall in the triennial valuation tests of loans advanced to three related companies. At the year end there was no shortfall.
- (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 2022 are £1.3m (2021: £2.0m).
- (3) the covenants entered into by a related company in respect of its occupational lease of office premises at an annual rental of £1m (2021: £1m). Currently the rentals are being met when demanded.

As at 31 May 2022 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.

26. 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	
	2022	2021	2022	2021
	£	£	£	£
Bartonpath Limited	-	494,804	-	-
Beamlock Limited	5,647,015	5,468,436	5,647,015	5,468,436
Five Mile Limited *	1,679,564	2,439,763	1,679,564	2,439,763
Genmead Limited	1,511,164	1,993,770	42,654	-
VR Hotel (Holdings) Limited	219,995	219,995	219,995	219,995
Sunnymist Limited	252,390	219,517	252,390	219,517
Tamevale Limited	35,149,443	35,145,943	35,149,443	35,145,943
Vin-Rotch Properties Limited Inc.	27,237,256	27,237,256	27,237,256	27,237,256
	71,696,827	73,219,484	70,228,317	70,730,910
Less provisions	(31,127,107)	(35,167,357)	(31,127,107)	(35,167,357)
	40,569,720	38,052,127	39,101,210	35,563,553

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

26. Related party transactions (continued)

Amounts owed by group companies (continued)

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts due within one year	39,166,762	35,607,657	39,101,210	35,563,553
Amounts due in more than one year	1,402,958	2,444,470	-	-
	40,569,720	38,052,127	39,101,210	35,563,553

* and their subsidiaries

Amounts owed to group companies

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bartonpath Limited	184,060	331,831	184,060	331,831
Five Mile Limited *	15,700,690	16,214,320	15,700,690	16,214,320
VR Hotel (Holdings) Limited*	4,235,435	4,252,135	4,235,435	4,252,135
Genmead Limited	-	460,991	-	460,991
	20,120,185	21,259,277	20,120,185	21,259,277

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts due within one year	20,120,185	21,259,277	20,120,185	21,259,277

* and their subsidiaries

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Interest receivable from group companies	277,053	325,643	176,782	191,141
Management fees receivable from group companies	47,050	47,050	47,050	47,050

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

26. 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	
	2022	2021	2022	2021
	£	£	£	£
Holaw (546) Limited	740,658	740,658	740,658	740,658
R20 Limited	2,560	1,384	2,560	1,384
Vincos Limited	-	11,325	-	-
Other entities	6,000	21,286	6,000	21,286
	749,218	774,653	749,218	763,328
Less provisions	(743,216)	(742,118)	(743,216)	(742,118)
Amounts due within one year	6,002	32,535	6,002	21,210

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

26. Related party transactions (continued)

Amounts owed to related undertakings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Vincos Limited	199,850	170,523	199,850	170,523
Newton Properties Limited	14,069,653	14,069,653	14,069,653	14,069,653
Other entities	4,164	4,165	4,164	4,165
R20 Advisory Limited	716,247	597,178	716,247	597,178
	14,989,914	14,841,519	14,989,914	14,841,519

All amounts above fall due within one year.

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Management fees receivable from related parties	175,282	357,168	103,550	135,175
Professional fees payable to related parties	24,000	24,000	24,000	24,000

The company and group occupied 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 £47,294 (2021: £58,172).

Additionally, included within Administrative Expenses is £60,000 (2021: £60,000) of staff costs recharged from a company under common control. Included within Trade creditors is £18,000 (2021: £Nil) 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.

27. Immediate and ultimate parent company

The smallest and largest group for which consolidated financial statements are prepared is Rotch Property Group Limited.

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.

28. Ultimate controlling party

The ultimate controlling party is the Tchenguiz Family Trust.

ROTCH PROPERTY GROUP LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2022

	<i>Schedule</i>	2022 £	2021 £
Turnover	1	18,072	18,072
Cost of sales	2	(200)	(7,450)
Gross profit		17,872	10,622
Other operating income	3	362,700	410,099
Investment income	4	177,530	191,394
Administrative credit / (expenses)	5	2,950,476	(1,479,076)
Provision against amounts owed by subsidiary undertakings		(479,457)	(1,335,319)
Provision against investment in subsidiary undertakings		3,523,319	(230,767)
Interest payable	6	(210)	(255)
Fair value gain/(loss) on investments		16,322	(1,950)
Fair value loss on investment properties		(153,000)	(363,000)
Profit/(loss) for the year before taxation		6,415,552	(2,798,252)
Taxation		36,681	(79,195)
Profit/(loss) after taxation		6,452,233	(2,877,447)

ROTCH PROPERTY GROUP LIMITED

SCHEDULES TO THE DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2022

1. Turnover	2022 £	2021 £
Rents receivable	18,072	18,072
	<u>18,072</u>	<u>18,072</u>
2. Cost of sales	2022 £	2021 £
Opening stock	43,800	51,250
Write down	(200)	(7,450)
	<u>43,600</u>	<u>43,800</u>
Less: Closing stock	(43,600)	(43,800)
	<u>-</u>	<u>-</u>
3. Other operating income	2022 £	2021 £
Exchange differences	(122)	(970)
Management fees receivable	269,050	300,675
Amortisation of discount on acquisition of loan	-	16,166
Commission earned on insurance	93,772	94,228
	<u>362,700</u>	<u>410,099</u>
4. Investment income	2022 £	2021 £
Profit/(loss) on disposal of investments	705	-
Interest receivable	176,825	191,394
	<u>177,530</u>	<u>191,394</u>

ROTCH PROPERTY GROUP LIMITED

SCHEDULES TO THE DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2022

5. Administrative expenses

	2022	2021
	£	£
Loss on sale of fixed assets	996	-
Audit and accountancy	118,200	65,000
Bank charges	2,958	2,928
Depreciation	4,700	6,338
Wages and salaries	712,725	704,329
Staff pension	13,863	19,647
General expenses	44,970	56,474
Legal and professional	43,997	48,212
Motor and travelling	1,070	6,724
Office expenses	51,279	37,841
Telephone and telex	3,157	3,126
Management fees	98,543	77,360
Provision against related party balances	(4,039,152)	350,892
Light and heat	1,142	2,061
Rent, rates and services	79,842	97,422
Irrecoverable VAT	466	722
Bad debts	(89,232)	-
	(2,950,476)	1,479,076

6. Interest payable

	2022	2021
	£	£
Overdue tax	3	84
Other	207	171
	210	255