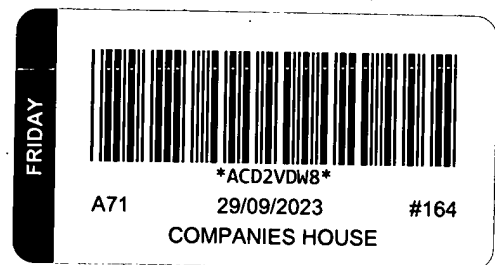


Registration number: 01718594

Caparo House Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022



Caparo House Limited

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Caparo House Limited

Company Information

Directors	D P Dancaster The Honourable Anjli Paul The Honourable Ambar Paul
Company secretary	Goodwille Limited
Registered office	Caparo House 103 Baker Street London W1U 6LN
Auditor	Deloitte LLP Regency Court Glatigny Esplanade St Peter Port Guernsey GY1 3HW

Caparo House Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of Caparo House Limited ("the Company") is that of an investment property holding company.

Directors of the Company

The directors who held office during the year and to the date of this report unless otherwise stated were as follows:

D P Dancaster

The Honourable Anjli Paul

The Honourable Ambar Paul (appointed 9 June 2023)

Results and dividends

The Statement of Comprehensive Expense is set out on page 11 and shows a loss for the year of £280,650 (2021: loss of £570,754). The loss resulted from a further reduction in the market value of investment property by £762,941 (2021 : £1,471,466 reduction). The Company made an operating loss of £472,475 (2021 : loss of £992,396).

The reduction in market value reflects a continuing reduction in central London office rentals for non-prime properties following the Covid-19 pandemic and the changing pattern of office use. No Government assistance has been received during the year or in the prior year.

During the previous year the Company entered into a new ten year lease, effective June 2021, with its existing restaurant and takeaway food tenant:

No dividend payment is proposed for the financial year ended 31 December 2022 or to the date of this report (2021: £Nil).

Financial instruments

Objectives and policies

The Company from time to time holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies.

Liquidity risk and cash flow risk

The Company's operations and working capital requirements can be subject to unforeseen fluctuations. These risks are mitigated by parent company loans. The Company enjoys the continued support of its parent and is not reliant on external funding.

Caparo House Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Future developments

The directors expect the principal activity of the Company will continue to be that of an investment property company.

While the reduction in the valuation of the property during 2022 reflects the changing nature of office use in central London, the directors consider that demand for central London office space of the type the Company offers will continue. While the Company traded at a loss during 2022 with the fall in the value of the property, it made an operating profit during the year. The directors expect that with a stabilisation of values in the sector, the Company will return to net profitability.

The directors do not expect the operations of the Company to be directly affected by the Russia/Ukraine conflict, although it is expected that the Company will be affected by the wider economic impact of the war. The Company does not expect its operations to be directly affected by climate change. However, the Company has undertaken an environmental audit of its property to better understand and implement any necessary changes to improve the property's environmental performance and to comply with future requirements of property related environmental legislation.

Going concern

The Company is dependent on the support of the parent company to continue as a going concern. The directors' forecasts and projections at the group level, taking account of reasonably possible future changes in trading performance, and the impact of the Russia/Ukraine conflict show that the parent company should be able to operate within its current level of facilities and provide continued support to the Company for the next 12 months from the date of signing of these financial statements.

The parent company has confirmed its support for a period of at least one year from the date of signing of the financial statements of the Company to enable the Company to pay its liabilities and commitments as they arise. Accordingly, the financial statements have been prepared on a going concern basis.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware. This disclosure is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Caparo House Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting. The auditor Deloitte LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies provision statement

In preparing the Director's report, advantage has been taken of exemptions available to small companies. As a result of the small companies' exemption, the Company is not required to prepare a Strategic Report.

Approved and authorised by the Board on ...29.9.23.... and signed on its behalf by:



.....
D P Dancaster
Director

Caparo House Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

Caparo House Limited

Independent Auditor's Report to the Members of Caparo House Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Caparo House Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Caparo House Limited (the 'Company') for the year ended 31 December 2022, which comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Expense;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the Notes to the Financial Statements 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including "Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 director's 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 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.

Caparo House Limited

Independent Auditor's Report to the Members of Caparo House Limited (continued)

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

Caparo House Limited

Independent Auditor's Report to the Members of Caparo House Limited (continued)

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including real estate valuation specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Determining the fair value of investment property includes the use of assumptions and unobservable inputs requiring significant management judgement, therefore there is a potential for management bias. In response we engaged our real estate specialists to independently challenge the appropriateness of inputs and assumptions used in the methodology.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Caparo House Limited

Independent Auditor's Report to the Members of Caparo House Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Nicola Sarah Paul FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

St Peter Port
Guernsey

Date: 29 September 2023

Caparo House Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	3	552,381	611,707
Cost of sales		<u>(64,997)</u>	<u>(65,012)</u>
Gross profit		487,384	546,695
Administrative expenses		(196,918)	(67,625)
Loss on revaluation of investment property	10	<u>(762,941)</u>	<u>(1,471,466)</u>
Operating loss		(472,475)	(992,396)
Other interest receivable and similar income	4	<u>10</u>	<u>64</u>
Loss before taxation		(472,465)	(992,332)
Tax on loss	8	<u>191,815</u>	<u>421,578</u>
Loss for the financial year		<u><u>(280,650)</u></u>	<u><u>(570,754)</u></u>

The above results were derived from continuing operations.

Caparo House Limited

Statement of Comprehensive Expense for the Year Ended 31 December 2022

	2022 £	2021 £
Loss for the year	<u>(280,650)</u>	<u>(570,754)</u>
Total comprehensive expense for the year	<u><u>(280,650)</u></u>	<u><u>(570,754)</u></u>

Caparo House Limited

(Registration number: 01718594)
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	-	-
Investment property	10	9,970,000	10,570,000
		<u>9,970,000</u>	<u>10,570,000</u>
Current assets			
Debtors	11	8,769,566	8,421,802
Cash at bank and in hand	12	83,878	83,545
		8,853,444	8,505,347
Creditors: Amounts falling due within one year	13	(140,936)	(112,189)
Net current assets		<u>8,712,508</u>	<u>8,393,158</u>
Net assets		<u>18,682,508</u>	<u>18,963,158</u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	18,682,408	18,963,058
Shareholders' funds		<u>18,682,508</u>	<u>18,963,158</u>

Approved and authorised by the Board on 29.9.23 and signed on its behalf by:



.....
D P Dancaaster
Director

Caparo House Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2021	100	19,533,812	19,533,912
Loss for the year and total comprehensive expense	-	(570,754)	(570,754)
At 31 December 2021	100	18,963,058	18,963,158

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2022	100	18,963,058	18,963,158
Loss for the year and total comprehensive expense	-	(280,650)	(280,650)
At 31 December 2022	100	18,682,408	18,682,508

The notes on pages 14 to 26 form an integral part of these financial statements.

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, incorporated, registered and domiciled in England and Wales.

Principal activity

The principal activity of the Company is that of an investment property holding company.

The address of its registered office is:

Caparo House
103 Baker Street
London
W1U 6LN
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared under the historical cost convention, modified to include property held as investments at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Summary of disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel. Exemption has also been taken under Section 33.1A of FRS 102 not to disclose related party transactions between wholly-owned companies within the group.

Name of parent of group

These financial statements are consolidated in the financial statements of Caparo Group Limited.

The financial statements of Caparo Group Limited may be obtained from Companies House, Cardiff.

The registered address of Caparo Group Limited is Caparo House, 103 Baker Street, London W1U 6LN.

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The Company made a loss in the year. The Company is dependent on the support of the parent company to continue as a going concern. The directors' forecasts and projections at the group level, taking account of reasonably possible future changes in trading performance, and having assessed the impact of Covid-19 and the Russia/Ukraine conflict, show that the parent company should be able to operate within its current level of facilities and provide continued support to the Company for the next 12 months from the date of signing of these financial statements.

The parent company has confirmed its support for a period of at least one year from the date of signing the financial statements of the Company to enable the Company to pay its liabilities and commitments as they arise. Accordingly taking this into account the financial statements have been prepared on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The estimates and associated assumptions are based on historical assumptions and other factors that are considered to be relevant.

There are no critical judgements in the preparation of the financial statements.

Key sources of estimation uncertainty

Valuation of investment property

There are a number of estimates involved in assessing the fair value of the Company's investment property and the directors have engaged independent professional qualified valuers, as disclosed in Note 10. The carrying amount is £9,970,000 (2021 : £10,570,000).

Deferred tax

There are a number of estimates required to calculate the deferred tax asset in respect of the revaluation of investment properties, as disclosed in Note 8. The carrying amount is £461,927 (2021 : £270,112).

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when:

- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity; and
- Specific criteria have been met for each of the Company's activities.

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expenses or income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture, fixtures and equipment	15 - 20% per annum on a straight line basis

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in line with section 11 of FRS 102, when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount, (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Turnover

The analysis of the Company's turnover, which all arises in the UK, for the year from continuing operations is as follows:

	2022 £	2021 £
Rental income from investment property	<u>552,381</u>	<u>611,707</u>

4 Other interest receivable and similar income

	2022 £	2021 £
Interest income on bank deposits	<u>10</u>	<u>64</u>

5 Staff costs

The Company had no employees and no remuneration was paid to employees in the current or prior period.

6 Directors' remuneration

The directors did not receive any direct remuneration from the Company for qualifying services performed for the Company. However the directors received remuneration from other group companies which included remuneration for services provided to the Company. The directors do not consider it practical to allocate amounts paid between subsidiaries.

7 Auditor's remuneration

	2022 £	2021 £
Audit of the financial statements	<u>18,750</u>	<u>15,675</u>
Other non audit fees to auditor		
Taxation compliance services	<u>6,140</u>	<u>5,850</u>

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Tax on loss

Tax credited in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	-	-
UK corporation tax adjustment to prior periods	-	(77,935)
	<u>-</u>	<u>(77,935)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(145,608)	(278,816)
Arising from changes in tax rates and laws	(45,981)	(64,827)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(226)	-
Total deferred taxation	<u>(191,815)</u>	<u>(343,643)</u>
Tax credit in the income statement	<u>(191,815)</u>	<u>(421,578)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	<u>(472,465)</u>	<u>(992,332)</u>
Corporation tax at standard rate of 19% (2021: 19%)	(89,768)	(188,543)
Decrease from effect of different UK tax rates on some earnings	(45,981)	(64,827)
Effect of expense not deductible in determining taxable profit (tax loss)	145,362	284,246
Decrease in UK and foreign current tax from unrecognised temporary difference from a prior period	-	(77,935)
Deferred tax credit from unrecognised temporary difference from a prior period	(226)	-
Tax decrease from other short-term timing differences	(145,054)	(279,580)
Tax decrease arising from group relief	<u>(56,148)</u>	<u>(94,939)</u>
Total tax credit	<u>(191,815)</u>	<u>(421,578)</u>

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Tax on loss (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £
2022	
Asset at start of period	270,112
Deferred tax credited to profit and loss account for the period	191,589
Adjustments from previous periods	<u>226</u>
Asset at end of period	<u><u>461,927</u></u>
	Asset/(Liability)
2021	£
Provision at start of period	(73,531)
Deferred tax credited to profit and loss account for the period	<u>343,643</u>
Asset at end of period	<u><u>270,112</u></u>

In the 2021 Budget the Chancellor announced that the main rate of UK corporation tax would increase to 25% from 1 April 2023. The Company's deferred tax assets and liabilities have been calculated at 25% (2021: 25%) being the rate substantively enacted at the balance sheet date.

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost		
At 1 January 2022	11,000	11,000
At 31 December 2022	11,000	11,000
Depreciation		
At 1 January 2022	11,000	11,000
At 31 December 2022	11,000	11,000
Carrying amount		
At 31 December 2022	-	-
At 31 December 2021	-	-

10 Investment property

	2022 £
At 1 January 2022	10,570,000
Additions	162,941
Fair value adjustments	(762,941)
At 31 December 2022	9,970,000

The investment property was revalued to its market value as at 31 December 2022, as valued by BNP Paribas Real Estate UK, Chartered Surveyors. The valuation was carried out in accordance with the RICS Valuation - Professional Standards, (the "Red Book").

In making its judgment over the valuation of properties, the Company considers valuations performed by the independent valuer in determining the fair value of its investment properties. The valuations are based upon assumptions including future rental income and yield profile, including net initial yield, nominal equivalent yield and true equivalent yield. The valuer also makes reference to market evidence of transaction prices for similar properties.

The historic cost of the freehold land and buildings is £3,773,407 (2021 - £3,610,466).

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Investment property (continued)

At the balance sheet date, the Company had contracted tenants for the following future minimum lease payments:

	2022 £	2021 £
Within one year	346,316	393,648
In the second to fifth year inclusive	942,608	1,312,751
After five years	569,172	940,117
At 31 December 2022	<u>1,858,096</u>	<u>2,646,516</u>

The Company also has lease arrangements with a fellow group company not included above to receive annual lease payments of £228,032 per annum on an ongoing basis. The Company has also entered into agreements with tenants until the termination of their leases to provide certain repairs, maintenance and services, the cost of which is recoverable from the tenants.

11 Debtors

		2022 £	2021 £
Amounts falling due within one year	Note		
Trade debtors		545	545
Receivables from ultimate parent company	16	8,026,573	7,885,230
Prepayments		12,433	24,645
Accrued income		268,088	241,270
		<u>8,307,639</u>	<u>8,151,690</u>

		2022 £	2021 £
Amounts falling due after more than one year	Note		
Deferred tax asset	8	<u>461,927</u>	<u>270,112</u>

	2022 £	2021 £
Total trade and other debtors	<u>8,769,566</u>	<u>8,421,802</u>

The amounts owed from the ultimate parent company are repayable on demand, unsecured, and do not bear interest.

12 Cash and cash equivalents

	2022 £	2021 £
Cash at bank	<u>83,878</u>	<u>83,545</u>

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Creditors: amounts falling due within one year

	Note	2022 £	2021 £
Due within one year			
Amounts due to related parties	16	-	19,512
Other payables		83,878	83,545
Accrued expenses		57,058	9,132
		<u>140,936</u>	<u>112,189</u>

Amounts owed to related parties have no fixed repayment date, do not bear interest and are not secured. The amount is due to Caparo Ltd, a fellow subsidiary of the immediate parent, for insurance purchased for the Company.

14 Called up share capital

Allotted, called up and fully paid shares

	2022 No.	£	2021 No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The Company has one class of ordinary shares which carry no right to fixed income.

15 Profit and loss account

The profit and loss reserve represents cumulative profits and losses, net of dividends paid and other adjustments.

16 Related party transactions

Summary of transactions with other related parties

Transactions between two or more members of the group where any subsidiary undertaking party to those transactions is wholly owned by a member of the group have not been disclosed.

Caparo House Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Parent and ultimate parent undertaking

The Company is a subsidiary undertaking of Caparo Group Limited, which is both the immediate and ultimate parent Company. The only group in which the results of the Company are consolidated is that headed by Caparo Group Limited. The registered address of Caparo Group Limited is Caparo House, 103 Baker Street, London, W1U 6LN. A copy of the consolidated financial statements of Caparo Group Limited are available from Companies House, Cardiff.

The Honourable Anjli Paul, The Honourable Ambar Paul, directors of Caparo Group Limited, The Honourable Akash Paul, and The Right Honourable The Lord Paul of Marylebone, are jointly and indirectly interested in the whole of the issued share capital of Caparo Group Limited through shareholdings registered in the name of Caparo International Corporation, a company registered in the British Virgin Islands. Caparo International Corporation ultimately holds the issued share capital of Caparo Group Limited on behalf of a series of family trusts.