

MA Telephone House Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number: 03128043



MA Telephone House Limited

Company Information

Directors	J M Blank D A Brown D B Marks R G Selby A F S Wright
Registered number	03128043
Registered office	89 Wardour Street London W1F 0UB United Kingdom
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom
Bankers	Barclays Plc 1 Churchill Place London E14 5HP United Kingdom
Valuers	Cushman & Wakefield Debenham Tie Leung Limited 125 Old Broad Street London EC2N 1AR

MA Telephone House Limited

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MA Telephone House Limited

Directors' Report For the Year Ended 31 December 2020

The Directors present their annual report and the audited financial statements of MA Telephone House Limited ('the Company') for the year ended 31 December 2020. The financial information presented for the comparative period is for the period from 1 April 2019 to 31 December 2019.

The Company was incorporated in England and Wales as a private company limited by shares on 20 November 1995. It is governed by the Companies Act 2006.

In accordance with Section 414 of the Companies Act 2006, the Directors have not prepared a Strategic Report under the provisions of the small companies' exemption.

Principal activity

The principal activity of the Company was property investment in London. On 31 December 2019, the Company disposed of its investment property.

Results and dividends

The results for the period are shown in the Statement of Comprehensive Income on page 8.

The Directors do not recommend the payment of any dividend during the year (2019: £311,850). Details of dividends declared after the year end are shown in note 21.

Directors

The Directors who served during the year and to the date of this report were:

J M Blank
D A Brown
D B Marks
R G Selby
A F S Wright (appointed 12 February 2020)

Financial risk and management objectives and policies

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties, particularly market and operational risks. The Company is a member of the Brockton Everlast Inc. Limited group ('the Group'), the parent of which, Brockton Everlast Inc. Limited, is a limited company incorporated and registered in England and Wales. Further discussions of the risks and uncertainties, in the context of the Group as a whole, are disclosed in the Group's annual report which does not form part of this report.

Future developments

The Company continues to be an intermediate holding company within the Group. The Group continues to appraise real estate investment opportunities, with a particular focus on the workplace in, and around, Greater London.

Going concern

The financial statements have been prepared on the going concern basis. After making enquires and taking into consideration the loss and net current asset position of the Company, the Directors have formed a judgement, at the time of approving these financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion, the Directors have had particular regard to the emergence of the COVID-19 pandemic that has caused a significant downturn in the global economic outlook. The Directors have concluded that the pandemic does not impact the Company's ability to continue as a going concern.

MA Telephone House Limited

Directors' Report (continued) For the Year Ended 31 December 2020

Directors' indemnities and insurance

The Group has in place contractual entitlements for the Directors of the Company to claim indemnification by the Group for certain liabilities they might incur in the course of their duties. The Group has established these arrangements, which constitute qualifying third-party indemnity provision, in compliance with the relevant provisions of the Companies Act 2006. They include provision for the Company to fund the costs incurred by Directors in defending certain claims against them in relation to their duties. The Group also maintains an appropriate level of Directors' liability insurance in respect of potential legal action against its Directors.

Events after balance sheet date

Details of significant events since the balance sheet date are contained in note 21 to the financial statements.

Disclosure of information to auditor

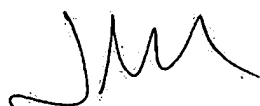
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Deloitte LLP, was appointed in the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 June 2021 and signed on its behalf.



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J M Blank
Director

MA Telephone House Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2020

The Directors are responsible 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

MA Telephone House Limited

Independent Auditor's Report to the Members of MA Telephone House Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of MA Telephone House Limited (the Company):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position
- the Statement of Changes in Equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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's 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 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 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.

MA Telephone House Limited

Independent Auditor's Report to the Members of MA Telephone House Limited

Other information

The other information comprises the information included in the Directors' report, other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Directors' 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 Directors' responsibilities statement, 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's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: <http://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 about their own identification and assessment of the risks of irregularities.

MA Telephone House Limited

Independent Auditor's Report to the Members of MA Telephone House Limited

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

We obtained an understanding of the legal and regulatory frameworks 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 relevant internal 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 specific procedures performed to address it are described below:

- valuation of investment property: specific procedures we performed in response to the risk include the involvement of Real Estate specialists in reviewing the key assumptions (such as Equivalent Yield and Estimated Rental Values) made in valuing the investment properties as well as IPE testing of the tenancy schedules.

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

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 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.

MA Telephone House Limited

Independent Auditor's Report to the Members of MA Telephone House Limited

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions 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.

Matthew Hall

Matthew Hall, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 23 June 2021

MA Telephone House Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2020

	Note	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Revenue	6	-	2,595,079
Other income		-	453
Other property operating expenses	7	(49,804)	(543,262)
Gross (loss) / profit		(49,804)	2,052,270
Administrative expenses	8	(6,425)	(379,212)
Profit on disposal of investment property	12	-	18,636,186
Operating (loss) / profit		(56,229)	20,309,244
Finance costs	9	-	(406,006)
(Loss) / profit on ordinary activities before taxation	4	(56,229)	19,903,238
Taxation	10	-	15,251,267
(Loss) / profit and total comprehensive (loss) / income for the year / period		(56,229)	35,154,505

All results shown in the Statement of Comprehensive Income are from continuing operations.

All (loss) / profit and comprehensive (loss) / profit is attributable to the equity holders of the Company.

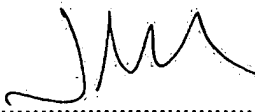
The notes on pages 11 to 22 form part of these financial statements.

MA Telephone House Limited
Registered number:03128043

Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2019 £
Non-current assets			
Fixed asset investments	11	100	100
Investment property	12	-	-
		<u>100</u>	<u>100</u>
Current assets			
Trade and other receivables	13	1,197,565	9,088
Intercompany loan receivable	14	108,933,812	111,226,173
Cash and cash equivalent		14,560	645,687
		<u>110,145,937</u>	<u>111,880,948</u>
Current liabilities			
Trade and other payables	15	-	(1,678,782)
		<u>110,145,937</u>	<u>110,202,166</u>
Net current assets			
		<u>110,146,037</u>	<u>110,202,266</u>
Total assets less current liabilities			
		<u>110,146,037</u>	<u>110,202,266</u>
Net assets			
		<u>110,146,037</u>	<u>110,202,266</u>
Equity attributable to equity holders of the Company			
Share capital	16	1,000	1,000
Retained earnings		110,145,037	110,201,266
		<u>110,146,037</u>	<u>110,202,266</u>
Total equity			
		<u>110,146,037</u>	<u>110,202,266</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 June 2021.



J M Blank
 Director

The notes on pages 11 to 22 form part of these financial statements.

MA Telephone House Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Share capital £	Retained profits £	Total equity £
At 1 January 2020	1,000	110,201,266	110,202,266
Comprehensive loss for the year			
Loss for the year	-	(56,229)	(56,229)
Total comprehensive loss for the year	-	(56,229)	(56,229)
At 31 December 2020	1,000	110,145,037	110,146,037

**Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Share capital £	Retained profits £	Total equity £
At 1 April 2019	1,000	75,358,611	75,359,611
Comprehensive income for the period			
Profit for the period	-	35,154,505	35,154,505
Total comprehensive loss for the period	-	35,154,505	35,154,505
Transactions with owners			
Dividend	-	(311,850)	(311,850)
Total transactions with owners	-	(311,850)	(311,850)
At 31 December 2019	1,000	110,201,266	110,202,266

The notes on pages 11 to 22 form part of these financial statements.

MA Telephone House Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

The Company was incorporated on 20 November 1995 and is domiciled and registered as a limited Company in the United Kingdom. The address of its registered office is 89 Wardour Street, London, W1F 0UB.

The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 1 - 2.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are standalone financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group financial statements of Brockton Everlast Inc. Limited.

The group financial statements of Brockton Everlast Inc. Limited are available to the public and can be obtained as set out in note 20.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure requirements in respect of revenue from contracts with customers, impairment of assets, certain related party transactions, and certain disclosure requirements in respect of leases. Where relevant, equivalent disclosures have been given in the group financial statements of Brockton Everlast Inc. Limited.

The financial statements have been prepared on the historical cost basis, except for investment property, which are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis. After making enquires and taking into consideration the loss and net current asset position of the Company, the Directors have formed a judgement, at the time of approving these financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion, the Directors have had particular regard to the emergence of the COVID-19 pandemic that has caused a significant downturn in the global economic outlook. The Directors have concluded that the pandemic does not impact the Company's ability to continue as a going concern.

MA Telephone House Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.3 Changes in accounting policy and disclosures

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations have been adopted and have not had any significant impact on the amounts reported in these financial statements.

Standards affecting presentation and disclosure:

- Amendments to IAS 1 and IAS 8 Definition of Material;
- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform; and
- Amendments to references to the Conceptual Framework in IFRS standards;

New and revised IFRSs adopted by the EU that are not mandatorily effective for the year ending 31 December 2020

The following standards and amendments have been adopted by the EU but are not yet mandatorily effective for the year ending 31 December 2020. Accordingly, they have not been applied in preparing these financial statements:

- Amendment to IFRS 16: Covid-19 - Related Rent Concessions;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2;
- Annual Improvements to IFRS Standards 2018–2020: Property, Plant and Equipment; Proceeds before Intended Use;
- Amendments to IFRS 3: Annual Improvements to IFRS Standards 2018–2020 (May 2020);
- Amendments to IAS 37: Reference to the Conceptual Framework;
- IFRS 37: Onerous Contracts - Cost of Fulfilling a Contract;
- Amendments to IFRS 17: Insurance Contracts;
- Amendments to IAS 1: IFRS 17;
- Amendments to IAS 1: Classification of liabilities as current or non-current; and
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current — Deferral of Effective Date.

The Company is continuing to assess the impact of the new standards above and at present is confident that none will have a material impact on the financial statements of the Company.

MA Telephone House Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.4 Financial assets and liabilities

Financial assets

The Company classifies its financial assets into one of the categories set out below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

The Company may from time to time use derivative financial instruments such as interest caps and swaps to hedge its interest rate risk. Where it does, in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value are classified as fair value through profit or loss. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income in the finance income or costs line.

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

The Company does not apply hedge accounting.

Amortised cost

The Company's financial assets measured at amortised cost in the Statement of Financial Position comprise trade and other receivables, intercompany loan receivable and cash and cash equivalents.

These assets arise principally from the leasing of property to tenants, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Impairment provisions for receivables are recognised based on an assessment of the recoverability of the balances. In determining the expected credit losses for these assets, the directors of the Company have taken into account the historical default experience and the financial position of the counterparties in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

MA Telephone House Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

Financial assets and liabilities (continued)

Financial liabilities

The Company classifies its financial liabilities as 'other financial liabilities'. The Company's accounting policy for other financial liabilities is outlined below.

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.5 Fair value estimations

The Company's investment property was measured and reported at fair value and was classified and disclosed in level 3 of the fair value hierarchy based on the degree to which its inputs were observable.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Inputs, other than those in Level 1, are based on observable market data where possible and aim to place little reliance on estimates.
- Level 3 — Inputs are unobservable for the asset and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgement or estimation. Further detail of these inputs is disclosed in note 13.

2.6 Investment in subsidiary

Investment in subsidiary is measured at cost less accumulated impairment with any changes recognised in the Statement of Comprehensive Income. Management undertake an annual review of the carrying value of its investment to establish if there is any impairment to its value based on the performance of the underlying asset and external evidence.

2.7 Investment property

Investment property comprised completed property and property under construction or redevelopment that was held to earn rental income or for capital appreciation or both.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available, the Company uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Investment property falls within Level 3 of the fair value hierarchy as defined by IFRS 13.

MA Telephone House Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

Investment property (continued)

Subsequent expenditure is included in the carrying amount of the property when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Gains or losses arising from changes in the fair value of the Company's investment properties are included in the Statement of Comprehensive Income of the period in which they arise.

2.8 Revenue

Revenue comprises rental income arising from operating leases on investment property, is accounted for on a straight line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises. Revenue is only recognised where the Company has a contractual right to receive consideration for the work undertaken.

Revenue is measured at the fair value of the consideration received or receivable and is stated net of value added taxes.

2.9 Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that is more likely than not to require settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

MA Telephone House Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.10 Current and deferred taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Deferred tax balances are not recognised in relation to temporary differences in respect of interests in subsidiaries, associates, branches and joint ventures where the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred. The Company does not capitalise borrowing costs on qualifying investment properties.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

2.12 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

MA Telephone House Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

There are no particular critical accounting estimates and judgements involved in the preparation of the financial statements.

4. (Loss) / profit on ordinary activities before taxation

Fees payable to the Company's auditor for the audit of the Company's financial statements were £10,804 (2019: £10,000). No amounts for other services have been paid to the auditor in the year / period. The cost of the audit of the Company's financial statements was incurred by Brockton Everlast Inc. Limited.

5. Staff costs

The Company has no employees other than the Directors who did not receive any remuneration (2019: £69,808) during the year / period. The average number of Directors during the year / period was five (2019: four).

6. Revenue

	Year ended 31 December 2020 £	<i>Period ended 31 December 2019 £</i>
Rental income	-	3,284,249
Lease incentives	-	(689,170)
	<u>-</u>	<u>2,595,079</u>

7. Other property operating expenses

	Year ended 31 December 2020 £	<i>Period ended 31 December 2019 £</i>
Management fees	-	175,225
Non-recoverable service charge	44,325	25,626
Other property costs	5,479	287,813
Insurance	-	54,598
	<u>49,804</u>	<u>543,262</u>

During the year / period, the Company incurred asset management fees of £Nil (2019: £175,225) payable to Brockton Everlast Inc. Limited, an intermediate parent company.

MA Telephone House Limited

Notes to the Financial Statements
For the Year Ended 31 December 2020

8. Administrative expenses

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Staff salaries	-	69,808
Staff national insurance	-	8,442
Legal and professional	2,000	253,510
Accountancy fees	3,000	37,199
Sundry establishment expenses	1,400	9,652
Bank charges	25	601
	<u>6,425</u>	<u>379,212</u>

9. Finance costs

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Bank loan interest payable	-	264,472
Other interest payable	-	141,534
	<u>-</u>	<u>406,006</u>

10. Taxation

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Corporation tax		
Charge for the year / period	-	186,590
Deferred tax		
Origination and reversal of timing differences	-	(15,437,857)
Taxation on (loss) / profit on ordinary activities	<u>-</u>	<u>(15,251,267)</u>

MA Telephone House Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

10. Taxation (continued)

Factors affecting tax credit for the year / period

The tax on the Company's (loss) / profit differs from the theoretical amount that would arise using the weighted average tax rate applicable to the (losses) / profits of the Company as follows:

	2020 £	2019 £
(Loss) / profit on ordinary activities before tax	<u>(56,229)</u>	<u>19,903,238</u>
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<u>(10,684)</u>	<u>3,781,615</u>
Effects of:		
Permanent differences	10,684	45,516
Profit arising on intra-group transfer of property	-	(18,978,733)
Group relief claimed	-	(99,665)
Total tax credit for the year / period	<u>-</u>	<u>(15,251,267)</u>

As at 31 December 2020 there were no deferred tax balances (2019: £Nil).

After the year end, in the Budget on 3 March 2021, it was announced that from 1 April 2023 the corporation tax main rate will be increased to 25% applying to profits over £250,000. This is not anticipated to have a material impact on the Company's results.

11. Fixed asset investments

	Investments in subsidiary company £
At cost	
At 1 January 2020	<u>100</u>
At 31 December 2020	<u>100</u>

MA Telephone House Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

11. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Telephone House Management Limited	89 Wardour Street, London, W1F 0UB	Property Management	100%

12. Investment property

	2020	2019
	£	£
At start of year / period	-	100,186,241
Subsequent expenditure on investment property	-	1,051,081
Lease incentives	-	126,492
Disposals	-	(101,363,814)
	<u>-</u>	<u>-</u>

In December 2019, the Company disposed of the property to MA Telephone House Holdings Limited, the Company's immediate parent, for £120,000,000.

13. Trade and other receivables

	2020	2019
	£	£
Corporation tax recoverable	1,197,565	7,567
Other receivables	-	1,521
	<u>1,197,565</u>	<u>9,088</u>

MA Telephone House Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

14. Intercompany loan receivable

	2020 £	2019 £
Intercompany loan	108,933,812	111,051,173
Intercompany loan	-	175,000
	<u>108,933,812</u>	<u>111,226,173</u>

As at 31 December 2020, the Company was owed £108,933,812 (2019: £111,051,173) by MA Telephone House Holdings Limited. The amount is non-interest bearing and repayable on demand.

As at 31 December 2019, the Company was owed £175,000 by Telephone House Management Limited, the Company's subsidiary. The amount was non-interest bearing and repayable on demand. During the year, the balance was fully repaid.

15. Trade and other payables

	2020 £	2019 £
Trade payables	-	182,798
VAT payable	-	216,236
Accruals and deferred income	-	1,279,748
	<u>-</u>	<u>1,678,782</u>

16. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,000 (2019: 1,000) ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

MA Telephone House Holdings Limited, a limited company registered in England and Wales, is the immediate parent and became the sole owner of the issued ordinary share capital of the Company on 20 August 2019.

On the same day, the Company redesignated the classes of shares from 850 ordinary 'A' shares of £1 each and 150 ordinary 'B' shares of £1 each to 1,000 ordinary shares of £1 each.

MA Telephone House Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

17. Reserves

A description of the Company's reserves is as follows:

The share capital reserve represents the nominal value of the shares issued.

The retained earnings reserve represents cumulative profit and losses, net of dividends paid and other adjustments.

18. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Directors monitor capital on the basis of the net assets attributable to the owners of the parent.

19. Related party transactions

Transactions and balances with related parties during the period and as at the Statement of Financial Position date, respectively, have been disclosed in notes 7, 11, 12, 14 and 16.

20. Ultimate parent undertaking and controlling party

MA Telephone House Holdings Limited, a limited company registered in England and Wales, is the immediate parent and became the sole owner of the issued share capital of the Company on 20 August 2019. Prior to this, the controlling shareholding was held by Mr Ian Leigh Foux.

The ultimate controlling party of the Company is considered to be Alony-Hetz Properties & Investments Limited, which is listed on the Tel-Aviv Stock Exchange and is incorporated and domiciled in Israel (registration number 520038506).

The parent undertaking of the largest group, which includes the Company and for which group financial statements are prepared, is Alony-Hetz Properties & Investments Limited. The parent undertaking of the smallest such group is Brockton Everlast Inc. Limited. Copies of the group financial statements of Brockton Everlast Inc. Limited are available at 89 Wardour Street, London, W1F 0UB, the Group's registered office. Copies of the group financial statements of Alony-Hetz Properties & Investments Limited are publicly available.

21. Post balance sheet events

In June 2021, the Company declared a dividend in specie of £108,933,812 which was settled by way of a reduction in the amount due to the Company by MA Telephone House Holdings Limited.

There were no events after the reporting date that require disclosure within the financial statements.