

COMPANY REGISTRATION NUMBER: 3245983

**Metropolitan Properties (City) Limited**  
**Financial Statements**  
**31 December 2016**



# **Metropolitan Properties (City) Limited**

## **Financial Statements**

**Year ended 31 December 2016**

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# **Metropolitan Properties (City) Limited**

## **Directors' Report**

**Year ended 31 December 2016**

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The directors present their report and the financial statements of the Company for the year ended 31 December 2016.

### **Principal activities and business review**

The principal activity of the Company is property investment in commercial, industrial and residential properties in the UK. From time to time the Company undertakes new developments and also the redevelopment of existing properties. The Company's business model is generally to hold its properties for the long term in order to generate rental income and capital appreciation. However, each of the Company's investment properties is considered to be potentially for sale in the right circumstances.

### **Directors**

The directors who served the Company during the year were as follows:

D Davis  
B S E Freshwater

The Articles of Association of the Company do not require the directors to retire by rotation.

The directors do not have service contracts.

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

### **Results and dividends**

The results for the year are set out in the attached profit and loss account and other comprehensive income and explanatory notes. The financial position of the company at the end of the year is set out in the attached balance sheet and explanatory notes.

The Company did not pay a dividend in the year (2015: £nil). The directors do not propose a final dividend for the year (2015: £nil).

### **Directors' responsibilities statement**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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;
  - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
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# Metropolitan Properties (City) Limited

## Directors' Report *(continued)*

**Year ended 31 December 2016**

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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.

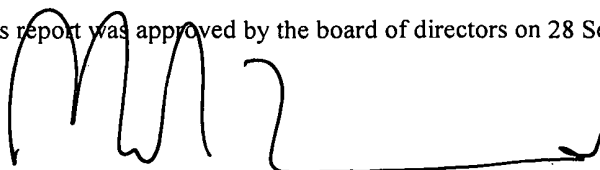
### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board of directors on 28 September 2017 and signed on behalf of the board by:



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

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

# **Metropolitan Properties (City) Limited**

## **Independent Auditor's Report to the Members of Metropolitan Properties (City) Limited**

**Year ended 31 December 2016**

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We have audited the financial statements of Metropolitan Properties (City) Limited for the year ended 31 December 2016 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Director's report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

# **Metropolitan Properties (City) Limited**

## **Independent Auditor's Report to the Members of Metropolitan Properties (City) Limited** *(continued)*

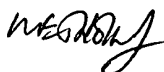
**Year ended 31 December 2016**

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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; and
- the directors were not entitled to take advantage of the small companies exemption in preparing the Strategic Report.



Bill Holland (Senior Statutory Auditor)

For and on behalf of  
KPMG LLP  
Chartered accountant & statutory auditor  
15 Canada Square  
London  
E14 5GL

28/9/2017

# Metropolitan Properties (City) Limited

## Profit and Loss Account and Other Comprehensive Income

Year ended 31 December 2016

	Note	2016 £	2015 £
<b>Turnover</b>	<b>4</b>	<b>2,813,421</b>	2,464,517
Property outgoings		<u>(1,131,016)</u>	<u>(1,186,495)</u>
<b>Gross profit</b>		<b>1,682,405</b>	1,278,022
Administrative expenses		<u>(21,980)</u>	<u>(21,500)</u>
Net valuation gains on investment property		<u>2,983,439</u>	<u>2,261,289</u>
<b>Operating profit</b>	<b>5</b>	<b>4,643,864</b>	3,517,811
Other interest receivable and similar income	<b>6</b>	<u>172</u>	<u>75</u>
Interest payable and similar expenses	<b>7</b>	<u>(2,993,000)</u>	<u>(3,003,000)</u>
<b>Profit before taxation</b>		<b>1,651,036</b>	514,886
Tax on profit	<b>9</b>	<u>(341,519)</u>	<u>(90,000)</u>
<b>Profit for the financial year and total comprehensive income</b>		<b><u>1,309,517</u></b>	<b><u>424,886</u></b>

All the activities of the Company are from continuing operations.

The notes on pages 8 to 17 form part of these financial statements.


# Metropolitan Properties (City) Limited

## Balance Sheet

31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investment property	10	50,000,000	46,814,141
<b>Current assets</b>			
Debtors	11	1,229,331	1,195,898
Cash at bank and in hand		179,637	30,312
		<u>1,408,968</u>	<u>1,226,210</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(49,547,673)</u>	<u>(47,488,573)</u>
<b>Net current liabilities</b>		<u>(48,138,705)</u>	<u>(46,262,363)</u>
<b>Total assets less current liabilities</b>		<u>1,861,295</u>	<u>551,778</u>
<b>Capital and reserves</b>			
Called up share capital	13	1,000	1,000
Profit and loss account	14	<u>1,860,295</u>	<u>550,778</u>
<b>Total equity</b>		<u>1,861,295</u>	<u>551,778</u>

These financial statements were approved by the board of directors and authorised for issue on 28 September 2017, and are signed on behalf of the board by:

  
B S E Freshwater  
Director

Company registration number: 3245983

The notes on pages 8 to 17 form part of these financial statements.



# Metropolitan Properties (City) Limited

## Statement of Changes in Equity

Year ended 31 December 2016

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	Called up share capital £	Profit and loss account £	Total £
At 1 January 2015	1,000	125,892	126,892
Profit for the year	—	424,886	424,886
Total comprehensive income for the year	—	424,886	424,886
At 31 December 2015	1,000	550,778	551,778
Profit for the year	—	1,309,517	1,309,517
Total comprehensive income for the year	—	1,309,517	1,309,517
At 31 December 2016	<u>1,000</u>	<u>1,860,295</u>	<u>1,861,295</u>

The notes on pages 8 to 17 form part of these financial statements.

# **Metropolitan Properties (City) Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2016**

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### **1. General information**

The Company is a private Company limited by shares, registered in England and Wales. The address of the registered office is Freshwater House, 158-162 Shaftesbury Avenue, London, WC2H 8HR.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention except that investment property is measured at fair value.

The financial statements have been prepared in accordance with the accounting principles appropriate to a going concern, notwithstanding the Company's net current liabilities, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Centremanor Limited, the Company's intermediate parent undertaking. The Centremanor Limited group has considerable financial resources together with a large property portfolio and access to credit facilities. Centremanor Limited has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

**Metropolitan Properties (City) Limited**

**Notes to the Financial Statements *(continued)***

**Year ended 31 December 2016**

**3. Accounting policies *(continued)***

**Disclosure exemptions**

The Company's immediate parent undertaking, Metropolitan Properties Company Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Centremanor Limited are prepared in accordance with UK GAAP, FRS 102 and are available to the public and may be obtained from Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation; and
- Basic and other financial instruments

**Turnover**

Turnover comprises rents and service charges receivable. Rental income from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the period to first break clause. Lease incentives granted to tenants are recognised on a straight line basis over the lease term. Service charge income is recognised as the services are provided.

# Metropolitan Properties (City) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

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### 3. Accounting policies *(continued)*

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in the equity or comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expenses are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rate and allowances applicable to the sale of the property.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition:

a) Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the profit and loss account in the period that they arise; and

b) No depreciation is provided in respect of investment properties applying the fair value model.

# **Metropolitan Properties (City) Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2016**

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### **Sale of investment properties**

The Company generally holds its properties for the long term in order to generate rental income and capital appreciation although in the right circumstances any property could be available for sale. When an outright sale does occur the resulting surplus based on the excess of sales proceeds over valuation is included within the Company's profit on ordinary activities, and taxation applicable thereto is shown as part of the taxation charge. Disposals are recognised on the date the significant risks and rewards of ownership have been transferred. In addition the company also 'sells' leasehold extensions when requested by leaseholders. The proceeds of these leasehold extension sales, less directly applicable costs, are also included in profit on disposal of investment properties.

### **Property outgoings**

The costs of repairs are recognised in the profit and loss account in the year in which they are incurred.

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

### **Expenses**

#### **Interest receivable and Interest payable**

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and the unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

# Metropolitan Properties (City) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

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### 3. Accounting policies *(continued)*

#### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

#### Basic financial instruments

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

##### Trade and other debtors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

##### Trade and other creditors

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

#### Related party transactions

The Company has taken advantage of the exemptions in FRS 102 in order to dispense with the requirements to disclose transactions with other companies in the Centremanor Limited Group.

### 4. Turnover

Turnover arises from:

	2016	2015
	£	£
Rents receivable	1,926,747	1,571,459
Service charges receivable	886,674	893,058
	<u>2,813,421</u>	<u>2,464,517</u>

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

# Metropolitan Properties (City) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

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### 5. Operating profit

Operating profit or loss is stated after (crediting)/charging:

	2016	2015
	£	£
Fees payable for the audit of the financial statements	17,980	16,000
Movement in provision for bad debts	<u>(61,669)</u>	<u>5,770</u>

### 6. Other interest receivable and similar income

	2016	2015
	£	£
Interest on late payments	<u>172</u>	<u>75</u>

### 7. Interest payable and similar expenses

	2016	2015
	£	£
Interest due to group undertakings	<u>2,993,000</u>	<u>3,003,000</u>

### 8. Particulars of employees

None of the directors received remuneration in respect of their services to the Company (2015: £nil).

The staff provided by the property and administrative management company, Highdorn Co. Limited, are engaged under joint employment contracts with a fellow subsidiary of the Company and their costs subsequently recharged to the Company at a level appropriate to the activity of the Company. No recharges were made during the year (2015: nil).

### 9. Tax on profit

#### Major components of tax expense

	2016	2015
	£	£
<b>Current tax:</b>		
Adjustments in respect of prior periods	608,000	444,000
Consideration receivable for group relief	<u>(266,481)</u>	<u>(354,000)</u>
Total current tax	<u>341,519</u>	<u>90,000</u>
<b>Tax on profit</b>	<u>341,519</u>	<u>90,000</u>

# Metropolitan Properties (City) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2016

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#### 9. Tax on profit *(continued)*

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>1,651,036</u>	<u>514,886</u>
Profit on ordinary activities by rate of tax	330,207	104,264
Adjustment to tax charge in respect of prior periods	608,000	444,000
Indexation allowance	(596,688)	(457,911)
Other	—	(353)
Tax on profit	<u>341,519</u>	<u>90,000</u>

##### Factors that may affect future tax expense

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) was substantively enacted on 18 November 2015. A further reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future tax charge accordingly.

#### 10. Investment property

	Freehold property £
<b>Cost or valuation</b>	
At 1 January 2016	46,814,141
Additions	202,420
Revaluations	<u>2,983,439</u>
<b>At 31 December 2016</b>	<u>50,000,000</u>
<b>Carrying amount</b>	
At 31 December 2016	<u>50,000,000</u>
At 31 December 2015	<u>46,814,141</u>



# Metropolitan Properties (City) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

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### 10. Investment property *(continued)*

#### Investment property held at valuation

An independent professional revaluation of all of the Company's freehold and leasehold property was carried out on 31 December 2016 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The revaluation figures are based on open market value assessed in accordance with the RICS Valuation - Professional Standards (2014).

The aggregate professional valuations included in the above table have been reduced by an amount of £nil (2015: £185,859) relating to lease incentives included in other debtors.

#### Valuation techniques and key inputs

The company's commercial units (£50 million (2015: £46.8 million)) were valued using the income capitalisation method, requiring the application of an appropriate market based yield to net operating income. Adjustments are made to allow for voids when less than five years are left under the current tenancy and to reflect market rent at the point of lease expiry or rent review. Equivalent yields used 4.6% and estimated rental values £24.40 per square foot.

#### Historical cost model

The historical cost of investment properties included in the above valuation is £32,202,420 (2015: £32,000,000).

### 11. Debtors

	2016	2015
	£	£
Trade debtors	21,027	311,248
Amounts owed by group undertakings	96,000	99,498
Group relief receivable	266,481	354,000
Other debtors	845,823	431,152
	<u>1,229,331</u>	<u>1,195,898</u>

All debtors are payable within one year or are payable on demand. All intra-group loans are sterling loans with interest paid at the rate of 6.52% (2015: 6.81%).

### 12. Creditors: amounts falling due within one year

	2016	2015
	£	£
Rents and service charges charged and paid in advance	556,584	519,793
Amounts owed to group undertakings	48,176,140	46,003,316
Corporation tax	254,000	380,000
Other creditors	560,949	585,464
	<u>49,547,673</u>	<u>47,488,573</u>

# Metropolitan Properties (City) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

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

All intra-group loans are sterling loans repayable on demand with interest paid at the rate of 6.52% (2015: 6.81%).

### 13. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 14. Reserves

The profit and loss account reserve records retained earnings and accumulated losses.

### 15. Operating leases

As lessor

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

	2016	2015
	£	£
Not later than 1 year	1,905,560	1,837,891
Later than 1 year and not later than 5 years	7,134,989	2,162,943
Later than 5 years	1,677,677	1,273,890
	<u>10,718,226</u>	<u>5,274,724</u>

### 16. Charges on assets

The Company has charged its freehold investment properties with a book value at 31 December 2016 of £50,000,000 (2015: £46,814,141) as part security for loan facilities granted to Metropolitan Properties (Commercial) Limited, a subsidiary of an intermediate parent undertaking and also executed a floating charge over all the assets and undertaking of the company.

### 17. Related party transactions

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

In their capacity as property managing agents, Highdorn collect rents and incur direct property expenses on behalf of the Company. During the year £103,942 (2015: £68,994) was charged by Highdorn for the provision of a full range of management services, which were charged for at normal commercial rates. The credit balance outstanding in respect of these services at 31 March 2016 is £72,257 (2015: £163,548), which has been included in other creditors.

# Metropolitan Properties (City) Limited

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2016**

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### **18. Controlling party**

The Company is controlled by its immediate parent company, Metropolitan Properties Company Limited.

The Company's ultimate controlling party is its ultimate parent company, Linnet Limited, which is incorporated in the Isle Of Man and controlled by trusts.

The largest group in which the results of the Company are consolidated is that headed by Centremanor Limited. The smallest group in which the results of the Company are consolidated is that headed by Metropolitan Properties Company Ltd. Copies of these financial statements can be obtained from the following address: Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. No other group financial statements include the results of the Company.

### **19. Accounting estimates and judgements**

#### **i. Property valuations**

The valuation of the company's property portfolio is inherently subjective, depending on many factors, including the individual nature of each property, its location and expected future net rental values, market yields and comparable market transactions (as set out in Note 10). Therefore, the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of difficult market or economic conditions. As noted in Note 10 above, all the Company's properties are valued by external valuers with appropriate qualifications and experience.

#### **ii. Trade debtors**

Management uses details of the age of trade debtors and the status of any disputes together with external evidence of the credit status of the counterparty in making judgements concerning any need to impair the carrying values.