

COMPANY REGISTRATION NUMBER: 3380963

Centremanor (E.S.) Limited

Financial Statements

31 December 2019



Centremanor (E.S.) Limited

Financial Statements

Year ended 31 December 2019

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Centremanor (E.S.) Limited

Directors' Report

Year ended 31 December 2019

The directors present their report and the financial statements of the Company for the year ended 31 December 2019.

Principal activities and business review

The principal activity of the Company is the obtaining and provision of finance to other group companies. There has been no significant change in the nature of the Company's business activity nor is any envisaged in the immediate future.

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 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 (2018: £nil). The directors do not propose a final dividend for the year (2018: £nil).

Centremanor (E.S.) Limited

Directors' Report *(continued)*

Year ended 31 December 2019

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 UK Accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 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.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Centremanor (E.S.) Limited

Directors' Report *(continued)*

Year ended 31 December 2019


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 15 December 2020 and signed on behalf of the board by:



J S Southgate
Company Secretary

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

Centremanor (E.S.) Limited

Independent Auditor's Report to the Members of Centremanor (E.S.) Limited

Year ended 31 December 2019

Opinion

We have audited the financial statements of Centremanor (E.S.) Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate bases for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Centremanor (E.S.) Limited

Independent Auditor's Report to the Members of Centremanor (E.S.) Limited *(continued)*

Year ended 31 December 2019

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under 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 the 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 from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Centremanor (E.S.) Limited

Independent Auditor's Report to the Members of Centremanor (E.S.) Limited *(continued)*

Year ended 31 December 2019


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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.



Richard Long (Senior Statutory Auditor)

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

23 December 2020

Centremanor (E.S.) Limited

Profit and Loss Account and Other Comprehensive Income

Year ended 31 December 2019

	Note	2019 £	2018 £
Administrative expenses		(10,413)	(21,719)
Operating loss	4	(10,413)	(21,719)
Interest receivable and similar income	5	2,553,000	2,553,000
Interest payable and similar expenses	6	(2,550,000)	(2,550,000)
Loss before taxation		(7,413)	(18,719)
Tax on loss	8	1,408	3,557
Loss for the financial year and total comprehensive income		<u>(6,005)</u>	<u>(15,162)</u>

All the activities of the Company are from continuing operations.

The notes on pages 10 to 16 form part of these financial statements.

Centremanor (E.S.) Limited

Balance Sheet

31 December 2019

	Note	2019 £	2018 £
Current assets			
Debtors	9	30,001,410	30,003,559
Creditors: amounts falling due within one year	10	<u>(577,995)</u>	<u>(574,139)</u>
Net current assets		<u>29,423,415</u>	<u>29,429,420</u>
Total assets less current liabilities		<u>29,423,415</u>	<u>29,429,420</u>
Creditors: amounts falling due after more than one year	11	<u>(30,000,000)</u>	<u>(30,000,000)</u>
Net liabilities		<u>(576,585)</u>	<u>(570,580)</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	<u>(576,587)</u>	<u>(570,582)</u>
Shareholder deficit		<u>(576,585)</u>	<u>(570,580)</u>

These financial statements were approved by the board of directors and authorised for issue on 15 December 2020, and are signed on behalf of the board by:



B S E Freshwater
Director

Company registration number: 3380963

The notes on pages 10 to 16 form part of these financial statements.

Centremanor (E.S.) Limited

Statement of Changes in Equity

Year ended 31 December 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2018	2	(555,420)	(555,418)
Loss for the year	—	(15,162)	(15,162)
Total comprehensive income for the year	—	(15,162)	(15,162)
At 31 December 2018	2	(570,582)	(570,580)
Loss for the year	—	(6,005)	(6,005)
Total comprehensive income for the year	—	(6,005)	(6,005)
At 31 December 2019	<u>2</u>	<u>(576,587)</u>	<u>(576,585)</u>

The notes on pages 10 to 16 form part of these financial statements.

Centremanor (E.S.) Limited

Notes to the Financial Statements

Year ended 31 December 2019

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.

The Company is a member of the Centremanor Limited group ("The Group"). As at 31 December 2019 the Company has net liabilities of £576,585. Further, the Company is reliant on other members of the Group to perform certain operational and administrative functions on behalf of the Company. Centremanor Limited has notified the Company of their intention to continue to make available such funds as are needed by the Company for at least 12 months from the date of approval of these financial statements. 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.

In making this assessment the Directors have considered the ability of the Group to continue as a going concern. The Group has undertaken a detailed and robust assessment of its projected future financial position, which included the Company's position as well, and included assessing what the Board of the Group considers a plausible worst-case downside scenario which incorporated the expected potential impact on the Group of the Covid-19 pandemic. The Board considered the potential impact to UK property prices, demand for UK property and the associated impact on rents and yields. Particular attention was given to the potential impact of an unfavourable or no Brexit agreement and the possible economic and social consequences of the current Covid-19 pandemic.

The plausible worst-case downside scenario included assuming quarterly rent cash collected for the following four quarters is the same as has been collected from June 2020 to August 2020 with administration and operating costs remaining the same in real terms. Development costs were included at the current expected level, although as discretionary costs the Board have the scope to delay or cancel these if necessary.

Centremanor (E.S.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

The Directors are satisfied that even in the plausible worst-case scenario, the Group will have sufficient resources to be able to continue to operate and there are no breaches of any of its loan covenants. Consequently, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approving these financial statements. Thus the Company continues to adopt the going concern basis of accounting in preparing the financial statements. As with any group 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Disclosure exemptions

The Company's immediate parent undertaking, Centremanor 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;
- Key Management Personnel compensation; and
- Basic and other financial instruments.

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.

Centremanor (E.S.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

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.

Centremanor (E.S.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

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

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 100% owned companies in the Centremanor Limited Group.

4. Operating profit

Operating profit or loss is stated after charging:

	2019	2018
	£	£
Fees payable for the audit of the financial statements	<u>4,200</u>	<u>3,900</u>

Amounts receivable by the Company's auditor in respect of services to the Company, other than for the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's immediate parent undertaking, Centremanor Limited.

5. Interest receivable and similar income

	2019	2018
	£	£
Interest from group undertakings	<u>2,553,000</u>	<u>2,553,000</u>

Centremanor (E.S.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

6. Interest payable and similar expenses

	2019 £	2018 £
Interest on banks loans and overdrafts	<u>2,550,000</u>	<u>2,550,000</u>

7. Particulars of employees

None of the directors received remuneration in respect of their services to the Company (2018: £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 (2018: nil).

8. Tax on loss

Major components of tax income

	2019 £	2018 £
Current tax:		
Consideration receivable for group relief	<u>(1,408)</u>	<u>(3,557)</u>
Tax on loss	<u><u>(1,408)</u></u>	<u><u>(3,557)</u></u>

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is the same as (2018: the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Loss on ordinary activities before taxation	<u>(7,413)</u>	<u>(18,719)</u>
Loss on ordinary activities by rate of tax	<u><u>(1,408)</u></u>	<u><u>(3,557)</u></u>

Factors that may affect future tax income

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted in 2016 but then cancelled in March 2020. Consequently it is expected that the Company's future tax charge will continue to be calculated at 19%.

Centremanor (E.S.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

9. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	30,000,000	30,000,000
Group relief receivable	1,408	3,557
Other debtors	2	2
	<u>30,001,410</u>	<u>30,003,559</u>

All debtors are payable within one year or are payable on demand and interest free except for a £30,000,000, intra-group sterling loan with interest paid at the rate of 8.51% (2018: 8.51%).

10. Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	150,585	147,279
Other creditors	427,410	426,860
	<u>577,995</u>	<u>574,139</u>

All intra-group loans are sterling loans repayable on demand with interest paid at the rate of 6.44% (2018: 6.33%).

11. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans and overdrafts	<u>30,000,000</u>	<u>30,000,000</u>

The mortgage advance is repayable in less than 5 years with interest payable at a fixed rate of 8.5%.

The mortgage advance is secured by first legal charges over freehold and leasehold investment properties owned by certain fellow subsidiary undertakings, together with floating charges over the assets and undertakings of the company and of the aforementioned fellow subsidiary undertakings and unlimited guarantees given by the company's immediate parent undertaking and two of its subsidiary undertakings.

12. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

13. Reserves

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

Centremanor (E.S.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

14. Events after the end of the reporting period

On 11 March 2020, the World Health Organization declared Covid-19 a pandemic. The Covid-19 pandemic is expected to severely affect the wider macro economy and the specific market the company and group operates in. This is a non-adjusting post balance sheet event.

15. Related party transactions

The majority of the day-to-day management of the Company's operations are carried out by Highdorn Co. Limited ("Highdorn") one of the Freshwater Group of Companies, with which this company is closely related. Mr B S E Freshwater is a director of, but has no beneficial interest in the share capital of, Highdorn Co Limited.

During the year no charges were payable to Highdorn Co. Limited for these services and no amounts were owing to Highdorn Co. Limited at 31 December 2019 (2018: £nil).

16. Controlling party

The Company is controlled by its immediate parent company, Centremanor Limited, whose registered office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

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 and smallest group in which the results of the Company are consolidated is that headed by Centremanor Limited. 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.