

Registration number: 03523833

Cornish Residential Property Investments Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2023

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Cornish Residential Property Investments Limited

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Cornish Residential Property Investments Limited

Strategic Report for the Year Ended 31 March 2023

The directors present their Strategic Report for the year ended 31 March 2023.

Business review and principal activities

Cornish Residential Property Investments Limited ("the company") is a wholly owned subsidiary of BL West End Offices 3 Limited and operates as a constituent of the BL West End Offices Limited group of companies ("the group"). BL West End Offices Limited operates as a joint venture between Allianz Finance IX Luxembourg S.A. and BL Office Holding Company Limited, a wholly owned subsidiary of The British Land Company PLC.

The company's principal activity is property investment and investment holding in the United Kingdom (UK).

As shown in the company's Profit and Loss Account on page 9, the company's turnover of £1,052,146 has increased £328,322 compared with turnover of £723,824 in the prior year. Loss before taxation is £345,548 compared to a loss before taxation of £353,350 in the prior year. The loss is a result of the interest charge to the profit and loss account in respect of a head lease obligation.

Dividends of £nil (2022: £nil) were paid in the year.

The Balance Sheet on page 11 shows that the company has net assets of £28,332,143 (2022: £28,724,011) and the company's financial position at the year end has, in net assets terms, decreased compared with the prior year.

Any expected future developments of the company are determined by the strategy of BL West End Offices Limited.

Key performance indicators

The directors measure how the group, of which this company is a member, is delivering its strategy through the key performance indicators.

The directors use total return to monitor the performance of the group. This is a measure of growth in total equity per share adding back any current year dividend.

Principal risks and uncertainties

This company is part of a large property investment group. As such, the fundamental underlying risks for this company are those of the property group as discussed below.

The company generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply;
- identification and execution of investment and development strategies which are value enhancing;
- availability of financing or refinancing at an acceptable cost;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- legislative changes, including planning consents and taxation;
- engagement of development contractors with strong covenants;
- key staff changes; and
- environmental and health and safety policies.

Cornish Residential Property Investments Limited

Strategic Report for the Year Ended 31 March 2023 (continued)

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to directors and is considered and managed on a continuous basis. Directors use their knowledge and experience to knowingly accept a measured degree of market risk.

The company's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

The financial and political risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group financial statements.

The company has no third party debt. However, the company is financed by subordinated loans from the ultimate parent company, BL West End Offices Limited.

The general risk environment in which the company operates has been volatile in terms of the economic and political landscape, with future sentiment remaining fragile. Higher interest rates have had an impact on property market yields, leading to a decline in property value. The Directors remain mindful of ongoing macroeconomic challenges, including upwards yield pressure.

26.09.2023

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

DocuSigned by:

Hursh Shadursh Shah

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Director

Cornish Residential Property Investments Limited

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Directors of the company

The directors, who held office during the year, and up to the date of signing the financial statements, were as follows:

A Au (resigned 7 March 2023)

D I Lockyer

K E Pitkin (resigned 7 September 2023)

H Shah

The following director was appointed after the year end:

S Rudolph (appointed 19 May 2023)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Cornish Residential Property Investments Limited

Directors' Report for the Year Ended 31 March 2023 (continued)

Environmental matters

The company recognises the importance of its environmental responsibilities, monitors its impact on the environments, and designs and implements policies to reduce any damage that might be caused by the company's activities. The company operates in accordance with best practice policies and initiatives designed to minimise the company's impact on the environment including the safe disposal of manufacturing waste, recycling and reducing energy consumption.

In preparing the financial statements, the impact of climate change has been considered. Whilst noting the company's commitment to sustainability, there has not been a material impact on the financial reporting judgements and estimates arising from our considerations, which include physical climate and transitional risk assessments conducted by the company. As part of the valuation process, the company has discussed the impact of climate change with the external valuers who value the investment and development properties of the company.

Going Concern

The Directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the Directors feel that the company is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

Subsequent Events

Details of significant events since the Balance Sheet date, if any, are contained in note 16.

Disclosure of information to the auditors

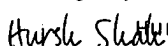
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Board Meeting.

26.09.2023

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

DocuSigned by:
 Harsh Shah
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Director

Independent auditors' report to the members of Cornish Residential Property Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cornish Residential Property Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2023; the Profit and Loss Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to *posting inappropriate journal entries to increase revenue or reduce expenditure*. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management and internal audit;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Reviewing relevant meeting minutes;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted by unexpected users and posted on unexpected days.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

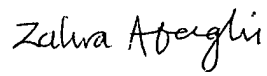
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, reading "Zahra Afaghi". The signature is written in a cursive style with a large initial 'Z'.

Zahra Afaghi (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 September 2023

Cornish Residential Property Investments Limited**Profit and Loss Account for the Year Ended 31 March 2023**

	Note	2023 £	2022 £
Turnover	4	1,052,146	723,824
Cost of sales		<u>(672,059)</u>	<u>(349,483)</u>
Gross profit		380,087	374,341
Administrative expenses		<u>(25,419)</u>	<u>(22,700)</u>
Operating profit		354,668	351,641
Amortisation of head lease	9	<u>(18,804)</u>	<u>(23,003)</u>
Profit before interest and taxation		335,864	328,638
Interest payable and similar expenses	5	<u>(681,412)</u>	<u>(681,988)</u>
Loss before taxation		(345,548)	(353,350)
Tax on loss	8	<u>(46,320)</u>	<u>(56,366)</u>
Loss for the financial year		<u>(391,868)</u>	<u>(409,716)</u>

Turnover and results were derived from continuing operations within the United Kingdom.

The notes on pages 13 to 20 form an integral part of these financial statements.

Cornish Residential Property Investments Limited**Statement of Comprehensive Income for the Year Ended 31 March 2023**

	2023 £	2022 £
Loss for the year	<u>(391,868)</u>	<u>(409,716)</u>
Total comprehensive expense for the year	<u><u>(391,868)</u></u>	<u><u>(409,716)</u></u>

The notes on pages 13 to 20 form an integral part of these financial statements.

Cornish Residential Property Investments Limited

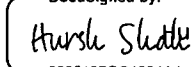
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Balance Sheet as at 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
Fixed assets			
Head Lease Asset	9	<u>16,470,314</u>	<u>16,489,118</u>
		<u>16,470,314</u>	<u>16,489,118</u>
Current assets			
Debtors	10	<u>28,498,017</u>	<u>28,778,232</u>
		<u>28,498,017</u>	<u>28,778,232</u>
Creditors: amounts falling due within one year	11	<u>(165,875)</u>	<u>(54,222)</u>
Net current assets		<u>28,332,142</u>	<u>28,724,010</u>
Total assets less current liabilities		<u>44,802,456</u>	<u>45,213,128</u>
Creditors: amounts falling due after more than one year	12	<u>(16,470,313)</u>	<u>(16,489,117)</u>
Net assets		<u>28,332,143</u>	<u>28,724,011</u>
Capital and reserves			
Called up share capital	13	<u>32,142,676</u>	<u>32,142,676</u>
Profit and loss account		<u>(3,810,533)</u>	<u>(3,418,665)</u>
Total shareholders' funds		<u>28,332,143</u>	<u>28,724,011</u>

26.09.2023

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

DocuSigned by:
 Hursli Shah
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Director

The notes on pages 13 to 20 form an integral part of these financial statements.

Cornish Residential Property Investments Limited**Statement of Changes in Equity for the Year Ended 31 March 2023**

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 April 2021	32,142,676	(3,008,949)	29,133,727
Loss for the year	-	(409,716)	(409,716)
Total comprehensive expense for the year	-	(409,716)	(409,716)
Balance at 31 March 2022	<u>32,142,676</u>	<u>(3,418,665)</u>	<u>28,724,011</u>
 Balance at 1 April 2022	 32,142,676	 (3,418,665)	 28,724,011
Loss for the year	-	(391,868)	(391,868)
Total comprehensive expense for the year	-	(391,868)	(391,868)
Balance at 31 March 2023	<u>32,142,676</u>	<u>(3,810,533)</u>	<u>28,332,143</u>

The notes on pages 13 to 20 form an integral part of these financial statements.

Cornish Residential Property Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:

York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practices. Instances in which advantage of the FRS 101 disclosure exemptions have been taken are set out below.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment;
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (d) The requirements of IAS 1 to disclose information on the management of capital;
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;
- (h) The requirements of IFRS 7 to disclose financial instruments; and
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Cornish Residential Property Investments Limited

**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)**

2 Accounting policies (continued)

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of BL West End Offices Limited. The group financial statements of BL West End Offices Limited will be made available to the public and can be obtained as set out in note 17.

Adoption status of relevant new financial reporting standards and interpretations

In the current year the company has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the company. These include amendments to IAS 16, IAS 37, IFRS 3 and annual improvements to IFRS Standards 2018-2020. Several amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These include amendments to IAS 12, IAS 1 and IFRS Practice Statement 2. These have not yet been adopted by the company. The amendments listed above did not have any material impact on amounts recognised in prior years, and are not expected to significantly affect current and future years.

Change in accounting policy

In the current year the company has adopted an Agenda Decision issued by the IFRS Interpretations Committee (IFRIC), in respect of the accounting for rental concessions granted to tenants. In October 2022, the IFRIC issued an Agenda Decision in relation to Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16), giving clarification on the lessor accounting for concessions (or rental forgiveness) granted to tenants. Concessions granted to tenants consisted of reducing or waiving the rent for a specified period. The IFRIC clarified that concessions granted to tenants for rental debtors past their due date would fall under the scope of expected credit losses within IFRS 9. As such, the expected credit loss would be reflected in the Profit and Loss as part of the derecognition and provisioning of the rental debtor. Before the Agenda Decision, the company treated concessions granted to tenants for rental debtors past their due date (predominantly in response to Covid-19), as a lease modification under IFRS 16, recognising the concession granted on a straight-line basis over the lease term.

The company has changed its accounting policy in respect of concessions granted to tenants in the current financial year and the associated impact of this change is considered immaterial. The prior year comparative has not been restated for this change in accounting policy on the basis that the associated impact is not material.

As part of considering the Agenda Decision, the company has reassessed the position of the tenant incentive provision on the balance sheet. Previously, this balance was accounted for as part of debtors. However, following the Agenda Decision, the company has chosen to present the current year tenant incentive provision within investment property. The prior year tenant incentive provision has not been represented as part of this reassessment from debtors to investment property, on the basis that the amount is not material.

Going concern

The Directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this the Directors feel that the company is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

Turnover

Rental income from investment property

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

Cornish Residential Property Investments Limited

**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)**

2 Accounting policies (continued)

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure that the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

Where a lease incentive payment, including surrender premia paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Service charge income is recognised on an accruals basis in line with the service being provided.

Cost of sales

All costs of sales are charged against revenue on an accruals basis. These are mostly made up of property related and service charge expenses arising from renting properties to tenants.

Other expenses

Other expenses relate to finance and administration costs in line with the management agreements.

Finance income and costs policy

Interest payable and receivable is recognised as incurred under the accruals concept. Interest payable includes financing charges which are spread over the period to redemption, using the effective interest method. Commitment fees on non-utilised facilities are also included within interest payable. Premiums payable and receivable on early redemption are recognised as finance charges and income when incurred.

Head leases

Where an investment property is held under a head lease, the head lease is initially recognised as an asset, being the sum of the premium paid on acquisition plus the present value of minimum group rent payments. The corresponding rent liability to the head leaseholder is included in the balance sheet as a finance lease obligation. As ground rents are paid both the head lease asset and liability unwinds, with residual amounts being classified to revaluation of investment property and interest on finance lease obligations respectively.

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis.

Debtors

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. The company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Creditors

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

Share capital

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

Cornish Residential Property Investments Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****3 Critical accounting judgements and key sources of estimation uncertainty**

In applying the company's accounting policies, the Directors are required to make critical accounting judgements and assess key sources of estimation uncertainty that affect the financial statements.

Key sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of the property portfolio where an external valuation is obtained. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

Critical accounting adjustments

The directors do not consider there to be any other critical accounting judgements in the preparation of the company financial statements.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2023 £	2022 £
Rental income	1,052,146	723,824
	<u>1,052,146</u>	<u>723,824</u>

5 Interest payable and similar expenses

	2023 £	2022 £
Interest on obligations under non-cancellable leases	681,196	681,988
Other finance costs	216	-
	<u>681,412</u>	<u>681,988</u>

6 Auditors' remuneration

Audit fees of £6,448 (2022: £6,200) were paid to PricewaterhouseCoopers LLP in the current year, in respect of the audit of the financial statements for the year ended 31 March 2023. Actual amounts payable to PricewaterhouseCoopers LLP are paid at group level by BL West End Offices Limited.

No non-audit fees (2022: £nil) were paid to PricewaterhouseCoopers LLP in the current or prior year.

7 Staff costs

No director (2022: nil) received any remuneration for services to the company in either year. The remuneration of the directors was borne by another company, for which no apportionment or recharges were made.

Average number of employees, excluding directors, of the company during the year was nil (2022: nil).

Cornish Residential Property Investments Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****8 Tax on loss**

	2023 £	2022 £
Current taxation		
UK corporation tax	46,320	56,366
	<u>46,320</u>	<u>56,366</u>
Tax charge in the profit and loss account		
	2023 £	2022 £
Tax reconciliation		
Loss before taxation	(345,548)	(353,350)
Tax on loss at UK corporation tax rate of 19% (2022: 19%)	(65,654)	(67,137)
Effects of:		
Taxable transfer pricing adjustments	107,604	109,179
Prior period adjustment	4,370	14,324
	<u>46,320</u>	<u>56,366</u>
Total tax charge		

On 24 May 2021 legislation was substantially enacted to increase the corporation tax rate to 25% from 1 April 2023. Where relevant this has been reflected in the deferred tax calculation.

9 Head Lease Asset

£

Analysis of head lease asset**31 March 2023**

Head lease at inception	16,710,779
Accumulated amortisation	<u>(240,465)</u>
Net book value	<u>16,470,314</u>

31 March 2022

Head lease at inception	16,710,779
Accumulated amortisation	<u>(221,661)</u>
Net book value	<u>16,489,118</u>

Cornish Residential Property Investments Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****9 Head Lease Asset (continued)****Head leases**

Where an investment property is held under a head lease, the head lease is initially recognised as an asset, being the sum of the premium paid on acquisition plus the present value of minimum ground rent payments. The corresponding rent liability to the head leaseholder is included in the balance sheet as a lease obligation. As ground rents are paid both the head lease asset and liability unwinds, with residual amounts being classified to revaluation of investment property and interest on lease obligations respectively. The head lease balance in the current year is £16,470,314 (2022: £16,489,118).

10 Debtors

	31 March 2023 £	31 March 2022 £
Trade debtors	-	20,669
Amounts due from related parties	28,494,722	28,735,907
Accrued income	-	21,656
Prepayments	3,295	-
	<u>28,498,017</u>	<u>28,778,232</u>

Debtors from related parties relate to amounts due from group companies which are repayable on demand. There is no interest charged on these balances.

11 Creditors: amounts falling due within one year

	31 March 2023 £	31 March 2022 £
Trade creditors	131,332	-
Accrued expenses	12,180	12,180
Amounts due to related parties	14,324	-
Corporation tax liability	8,039	42,042
	<u>165,875</u>	<u>54,222</u>

Amounts due to related parties relate to amounts owed to group companies which are repayable on demand. Interest is charged on these balances in accordance with the group policy on intercompany loan accounts.

Cornish Residential Property Investments Limited**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)****12 Creditors: amounts falling due after more than one year**

	31 March 2023 £	31 March 2022 £
Head lease obligation	<u>16,470,313</u>	<u>16,489,117</u>
Annual commitments under non-cancellable head leases		
Head leases which expire:		
Within one year	24,928	23,946
Between two and five years	110,360	106,014
Due after five years	<u>16,335,025</u>	<u>16,359,157</u>
	<u>16,470,313</u>	<u>16,489,117</u>

13 Called up share capital**Allotted, called up and fully paid shares**

	No.	31 March 2023 £	No.	31 March 2022 £
Ordinary shares of £1 each	32,142,676	<u>32,142,676</u>	32,142,676	<u>32,142,676</u>

14 Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2022: £nil).

15 Contingent liabilities

The company had no contingent liabilities as at 31 March 2023 (2022: nil).

16 Subsequent events

There have been no significant events since the year end.

Cornish Residential Property Investments Limited

**Notes to the Financial Statements for the Year Ended 31 March 2023
(continued)**

17 Parent and ultimate parent undertaking

The immediate parent company is BL West End Offices 3 Limited.

BL West End Offices Limited is the smallest and largest group for which group financial statements are available and which include the company. The ultimate parent company and controlling party is BL West End Offices Limited. BL West End Offices Limited operates as a joint venture between Allianz Finance IX Luxembourg S.A. and BL Office Holding Company Limited, a wholly-owned subsidiary of The British Land Company PLC. Group financial statements for BL West End Offices Limited are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.