

esure Property Limited

Report and Financial Statements

For the year ended 31 December 2020

Company Registration Number 03969174



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esure Property Limited

Corporate Information

Directors

P D Bole (appointed 18 March 2020)
D J R McMillan

Secretary

A J Laan

Auditors

KPMG LLP
Chartered Accountants & Statutory Auditor
15 Canada Square
London
E14 5GL

Registered office

The Observatory
Reigate
Surrey
RH2 0SG

esure Property Limited

Registered number 03969174

Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The nature of the Company's operations is a property investment company.

Results and dividends

The profit for the year, after taxation, amounted to £339,000 (2019: £949,000).

The Directors do not recommend the payment of a dividend (2019: £Nil)

Directors

The Directors who served during the year were:

D J R McMillan

P D Bole (appointed 18 March 2020)

S A Long (resigned 18 March 2020)

The Company maintained Directors' and Officers' liability insurance, which gives appropriate cover should legal action be brought against its Directors. In addition, indemnities are in force under which the Company has agreed to indemnify the Directors against all liabilities and related costs that they may incur in the execution of their duties. These indemnities do not cover the Directors for fraudulent activities.

Change of auditor

Pursuant to a shareholder resolution, the Company is not obliged to reappoint its auditor annually. KPMG LLP has indicated its willingness to continue in office and therefore the Company has agreed that KPMG LLP will remain in office.

Statement of disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board



P D Bole
Director
20 July 2021

The Observatory
Reigate
Surrey
RH2 0SG

Statement of Directors' responsibilities in respect of the Directors' report and the Financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of esure Property Limited

Opinion

We have audited the financial statements of esure Property Limited ('the company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 basis 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the recognition and valuation of revenue is not subjective or estimated and as such there is limited opportunity for management to commit a fraud that would lead to a material misstatement.

We did not identify any additional fraud risks.

We performed procedures which included identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted and approved by the same user, journal entries made by individuals who typically do not make journal entries or are not authorized to post journal entries and journal entries recorded at the end of the period or as post-closing entries that have little or no explanation or description.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Independent auditor's report to the members of esure Property Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover this 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 we are required 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; 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 3, 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.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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.



Caroline Gilbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered accountants
15 Canada Square, London, E14 5GL
20 July 2021

esure Property Limited

Statement of comprehensive income For the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Turnover	5	4,341	5,203
Cost of sales		(3,238)	(3,238)
Gross profit		1,103	1,965
Administrative expenses		(30)	(21)
Operating profit		1,073	1,944
Interest receivable	8	366	342
Interest payable	9	(975)	(1,058)
Profit on ordinary activities before tax		464	1,228
Tax charge on profit on ordinary activities	10	(125)	(279)
Profit on ordinary activities after tax and other comprehensive income for the year		339	949

All amounts relate to continuing operations.

The notes on pages 9 to 17 form part of these financial statements.

esure Property Limited

Statement of financial position As at 31 December 2020

	Notes	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	11		21,484		25,341
Investment property	12		20,329		20,541
			<u>41,813</u>		<u>45,882</u>
Current assets					
Debtors	14	5,890		6,369	
Cash at bank		207		207	
		<u>6,097</u>		<u>6,576</u>	
Creditors: amounts falling due within one year	15	(2,633)		(2,560)	
Net current assets			3,464		4,016
Creditors: amounts falling due after more than one year	16		(21,418)		(24,978)
Net assets			<u>23,859</u>		<u>24,920</u>
Capital and reserves					
Called up share capital	18		23,500		23,500
Profit and loss account			359		1,420
Shareholder's funds - all equity			<u>23,859</u>		<u>24,920</u>

The notes on pages 9 to 17 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 20 July 2021 and signed on its behalf.



P Bole
Director

Registered number: 03969174

esure Property Limited

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Shareholders funds £000
Year ended 31 December 2019			
At 1 January 2019	23,500	10,034	33,534
Dividends	-	(9,563)	(9,563)
Profit for the year	-	949	949
At 31 December 2019	23,500	1,420	24,920
Year ended 31 December 2020			
At 1 January 2020	23,500	1,420	24,920
Dividends	-	(1,400)	(1,400)
Profit for the year	-	339	339
At 31 December 2020	23,500	359	23,859

The notes on pages 9 to 17 form part of these financial statements.

esure Property Limited

Notes to the financial statements

For the year ended 31 December 2020

1 . General information

esure Property Limited is a company incorporated in England and Wales. Its registered office is The Observatory, Castlefield Road, Reigate, Surrey, RH2 0SG.

The nature of the Company's operations is a property investment company.

2 . Accounting policies

Basis of preparation

These financial statements present the esure Property Limited Company financial statements for the year ended 31 December 2020, comprising the statement of comprehensive income, statement of financial position, statement of changes in equity and related notes, as well as comparatives for the year ended 31 December 2019.

The financial statements have been prepared in accordance with the provisions of Section 396 of the Companies Act 2006 (the 'Act') and Schedule 1 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (the 'Regulations').

These financial statements were prepared in accordance with the FRS 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- Disclosure in respect of transactions with other wholly owned subsidiaries of esure Group plc;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of key management personnel required by IAS 24.

As the consolidated financial statements of esure Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 *Financial Instrument Disclosures*.

These financial statements have been prepared on a going concern basis. The Board has reviewed the Company's projections for the next planning cycle including consideration of the liquidity requirements of the Company.

The Board has considered the likely impact of the on-going Covid pandemic, including the economic consequences for the Company of severe, but plausible, stresses that could result. When modelling scenarios resulting from the pandemic the Board considered risks including the impact of other Group companies.

The Board has reviewed the Company's projections for the 12 months from the date of approval of the financial statements and, based on this work, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least the 12 months from the date of signing of these financial statements.

The financial statements have been presented in sterling and rounded to the nearest thousand. Throughout these financial statements any amounts which are less than £500 are shown by 0, where as dash (-) represents that no balance exists.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

At the date of approval of these financial statements there were no standards, amendments or interpretations in issue and endorsed by the UK which the Company had not adopted.

Turnover

Turnover comprises rental income on operating leases on investment properties. This income is accounted for on a straight-line basis over the lease terms, and is included in turnover in the statement of comprehensive income due to the nature of the Company's operations.

esure Property Limited

Notes to the financial statements For the year ended 31 December 2020

2 . Accounting policies (continued)

Interest income

Interest income comprises bank interest. Interest income on assets classified as loans and receivables is recognised in the income statement as it accrues and is calculated by using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Taxation

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date. Current tax assets and liabilities also include adjustments in respect of tax expected to be payable or recoverable in respect of previous periods.

Current tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the income statement.

Deferred tax

Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for accounting purposes, and the amounts used for taxation purposes. It is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is recovered, using tax rates enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax relating to items recognised outside the income statement is also recognised outside the income statement, either in other comprehensive income or directly in equity as appropriate.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tangible fixed assets

Tangible fixed assets comprise fixtures and fittings and are stated at cost less depreciation. Depreciation is calculated using the straight-line method to write off the cost less residual values of investment properties over their economic lives. For fixtures and fittings this has been set between three and eight years.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the cost less residual values of investment properties over their economic lives. For freehold and long leasehold buildings this has been set between eighty and one hundred years. No depreciation is provided on freehold land. Depreciation is recognised as a cost of sale in the statement of comprehensive income.

Leases

Company as a lessor

The Company subleases property. The Company has classified these leases as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the related income. Contingent rents are recognised as revenue in the period in which they are earned (i.e. when virtually certain).

Notes to the financial statements For the year ended 31 December 2020

2 . Accounting policies (continued)

Leases (continued)

Company as a lessee - operating leases

As a lessee, the Company leases property assets. The Company recognises right-of-use assets and lease liabilities for all leases. On initial recognition, lease liabilities are measured at the present value of the future lease payments, discounted at the Company's incremental borrowing rate at that date. The right-of-use asset is equal to the lease liability and is then depreciated on a straight-line basis over the lifetime of the lease.

Leases classified as operating leases under IAS 17

Previously, the Company classified the property leases as operating leases under IAS 17. On transition, for these leases, the lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. A right-of-use asset is measured as equal to the lease liability on the day of transition.

Financial assets

Classification

At 31 December 2020, financial assets held by the Company falling within the scope of IFRS 9 Financial Instruments are classified as 'measured at amortised cost'.

During the years ended 31 December 2020 and 31 December 2019 the Company did not classify any financial assets 'at fair value through profit or loss' or 'at fair value through other comprehensive income'.

The Company determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets as at 31 December 2020 and 31 December 2019 included amounts due from Group undertakings which were classified as measured at amortised cost.

Initial recognition of financial assets

The Company's financial assets are initially recognised at fair value, plus any directly attributable transaction costs.

Subsequent measurement

Financial assets at amortised cost are measured at amortised cost using the effective interest rate method. Impairment losses are recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

Impairment of financial assets

The Company recognises loss allowances for Expected Credit Losses ('ECL') on all financial assets measured at amortised cost.

For financial assets that are not credit-impaired at the reporting date the ECL is the present value of possible cash shortfalls in the next twelve months, this may be on a portfolio basis.

For financial assets that are credit-impaired at the reporting date the ECL is the difference between the gross carrying amount and the present value of the estimated future cash flows.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Derecognition of financial assets

A financial asset is derecognised when the rights to receive cash flows from that asset have expired or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

Notes to the financial statements For the year ended 31 December 2020

2 . Accounting policies (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, the Company has a currently enforceable legal right to offset the recognised amounts and it intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation.

Financial liabilities

Financial liabilities falling within the scope of IFRS 9 are classified as 'financial liabilities at amortised costs'.

The Company's financial liabilities at 31 December 2020 and 31 December 2019 include leasing liabilities under IFRS 16 and amounts owed to Group undertakings.

Initial recognition

Other financial liabilities are measured initially at fair value less directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

Amortised cost is calculated by taking into account any fees or costs that are an integral part of effective interest rate, transaction costs and all other premiums and discounts. The amortisation is included in finance costs in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Share Capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other assets to holders of the financial instruments.

3 . Critical accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates; however the financial statements presented are based on conditions that existed at the balance sheet date.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and critical judgements in applying the Company's accounting policies

The key assumptions concerning the future, and other key sources of estimation uncertainty at each balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

IFRS 16 Discount Rate

The calculation of an incremental cost of borrowing to use as the discount rate on the Company's leased buildings requires the use of judgement to determine an appropriate rate given both external and internal factors.

esure Property Limited

Notes to the financial statements

For the year ended 31 December 2020

4 IFRS 16 Leases implementation

Changes in significant accounting policies: IFRS 16

The Company has applied IFRS 16 from its effective date of 1 January 2019.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The details of the changes in accounting policies are disclosed below.

See note 2 for details of the accounting policies under IFRS 16.

Impact on Financial Statements

Impact on transition

On transition to IFRS 16, the Company recognised additional property right-of-use assets, and additional lease liabilities. The impact on transition is summarised below.

		As at 1 Jan 2019 £000s
Right-of-use assets – property	27,876	
Reclassification (see note 11)	(1,593)	
Right-of-use assets – property		26,283
Lease liability held on balance sheet released		1,593
Lease liabilities		(27,876)
Retained earnings (increase)		

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019.

	As at 1 Jan 2019 £000s
Operating lease commitments at 31 Dec 2018 as disclosed under IAS 17 in the Company's consolidated financial statements	41,311
Effect of discounting using the incremental borrowing rate at 1 January 2019	(13,435)
Lease liabilities recognised at 1 January 2019	27,876

5 Turnover

The whole of the turnover is attributable to rental income from freehold and leasehold property investments received or receivable from within the United Kingdom.

6 Profit after tax

Profit after tax is stated after charging:

	2020 £000	2019 £000
Auditor's remuneration	25	18
Depreciation of investment property owned by the Company (note 12)	212	212
Depreciation of right of use assets (note 11)	2,264	2,535
Operating lease payments	611	611

The auditor's remuneration for the Company for the year ended 31 December 2020 amounted to £25,000 (2019: £18,000). Details of auditor's remuneration for the esure group of companies are disclosed in the consolidated financial statements of esure Group plc.

7 Staff cost

The Company employed no staff during the current period (2019: Nil), all duties being carried out by esure Services Limited.

esure Property Limited

Notes to the financial statements For the year ended 31 December 2020

8 . Interest receivable

	2020 £000	2019 £000
Interest receivable from group companies	365	341
Interest receivable from deposits	1	1
	<u>366</u>	<u>342</u>

9 . Interest payable

	2020 £000	2019 £000
Interest payable on lease liabilities	975	1,058
	<u>975</u>	<u>1,058</u>

10 . Taxation

	2020 £000	2019 £000
UK corporation tax charge on profit for the year	125	269
Adjustments in relation to the current tax of prior years	(2)	4
Total current tax	<u>123</u>	<u>273</u>
Deferred tax charge for the year	2	6
Total deferred tax	<u>2</u>	<u>6</u>
Taxation expense	<u>125</u>	<u>279</u>

The tax rate used for the calculations is the Corporation Tax rate of 19.00% (2019: 19.00%) payable by the corporate entities in the UK on taxable profits under tax law in that jurisdiction. The deferred tax rates used are those that apply to the year the tax charge or credit is expected to materialise).

The expense for the year can be reconciled to the profit per the statement of profit and loss and other comprehensive income as follows:

	2020 £000	2019 £000
Profit before taxation	464	1,228
Taxation calculated at 19.00% (2019: 19.00%)	88	233
Effect of expenses that are not deductible for tax purposes	37	46
Taxation expense	<u>125</u>	<u>279</u>

Factors affecting the tax charge for future periods

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 11 March 2021. The deferred tax asset held by the Company was calculated using the 19% rate substantively enacted at year end. The impact of the increase would not be material.

11 . Tangible fixed assets

	Right of use asset - leasehold property £000	Furniture, fittings and equipment £000	Total £000
Cost			
At 1 January 2020	27,876	4,208	32,084
Reclassification	(1,593)	-	(1,593)
At 31 December 2020	<u>26,283</u>	<u>4,208</u>	<u>30,491</u>
Depreciation			
At 1 January 2020	2,535	4,208	6,743
Reclassification	(136)	-	(136)
Charge for the year	2,399	-	2,399
At 31 December 2020	<u>4,799</u>	<u>4,208</u>	<u>9,007</u>
Net book value			
At 1 January 2020	25,341	-	25,341
At 31 December 2020	<u>21,484</u>	<u>-</u>	<u>21,484</u>

Having reviewed the implementation of IFRS 16 *Leases* the Company has reclassified a liability, that was previously held distinct on the balance sheet, as part of the leasing right of use assets. There is no impact on the income statement in 2019 or 2020.

12 . Investment property

	Investment property £000
Cost	
At 1 January 2020 and at 31 December 2020	<u>24,644</u>
Depreciation	
At 1 January 2020	4,103
Charge for the year	212
At 31 December 2020	<u>4,315</u>
Net book value	
At 31 December 2020	<u>20,329</u>
Net book value	
At 1 January 2020	<u>20,541</u>

At 31 December 2020, included within the net book value of land and buildings is £19,894,000 relating to freehold land and buildings (2019: £20,099,000) and £435,000 (2019: £442,000) relating to long term leasehold land and buildings. Included in land and buildings is freehold land at cost of £3,603,000 which is not depreciated.

The land and buildings were valued subject to the existing leases as at 31 December 2020 by independent valuers, at £24,965,000 (2019: £24,965,000) on the basis of Market Value in accordance with the requirements of the RICS Valuation Standards. The valuer's opinion of fair value was primarily derived using comparable recent market transactions on arm's length terms.

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For the year ended 31 December 2020

13 . Financial assets and liabilities

Financial assets

Designation under IFRS 9

	2020 £000s	2019 £000s
Financial assets at amortised cost	5,563	5,354
Total financial assets	5,563	5,354

Financial liabilities

Financial liabilities measured at amortised cost

	24,217	26,079
Total financial liabilities	24,217	26,079

The directors consider that the carrying amount of the financial assets and liabilities at amortised cost approximates their fair value. All financial assets and liabilities at amortised cost are expected to be settled within one year apart from an intercompany loan.

Credit Risk

At 31 December 2020 there were £nil of loss allowances, held against financial assets at amortised cost (31 December 2019: £nil). The gross amount of the financial assets held at amortised cost at 31 December 2020 was £5,563,000 (31 December 2019: £5,354,000), £5,563,000 of which were classified as not credit-impaired at the reporting date (31 December 2019: £5,354,000).

Items of income, expense, gains or losses

Net gains/(losses) on:

	2020 £000s	2019 £000s
Financial assets at amortised cost	-	-
Financial liabilities measured at amortised cost	-	-

14 . Debtors: amounts falling due within one year

	2020 £000	2019 £000
Amounts owed by Group undertakings	5,563	5,354
Deferred tax asset (see note 17)	15	17
Prepayments and accrued income	312	998
	5,890	6,369

15 . Creditors: amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to Group undertakings	395	272
Accruals and deferred income	-	136
Lease liabilities	2,238	2,152
	2,633	2,560

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

	2020 £000	2019 £000
Accruals and deferred income	-	1,322
Lease liabilities	21,418	23,656
	21,418	24,978

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17 . Deferred taxation

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Capital allowances	15	17
Deferred tax asset	<u>15</u>	<u>17</u>

There were no deferred tax assets not provided for and no deferred tax liabilities.

The deferred tax blended rate is 19.00% (2019: 17.25%).

	Capital allowances £000
At 1 January 2019	23
Deferred tax credit for the year	(6)
At 31 December 2019	<u>17</u>
At 1 January 2020	17
Deferred tax credit for the year	(2)
At 31 December 2020	<u>15</u>

18 . Share capital

	2020 £000	2019 £000
Authorised, allotted, called up and fully paid		
23,500,000 Ordinary shares of £1 each	<u>23,500</u>	<u>23,500</u>

19 . Operating leases

Leases as a lessor - future minimum lease payments receivable

At 31 December, the future minimum lease payments receivable under non-cancellable operating leases were as follows:

	2020 £000	2019 £000
Less than one year	1,590	1,513
Between one and five years	6,442	6,360
More than five years	7,899	9,587
	<u>15,931</u>	<u>17,460</u>

20 . Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of esure Insurance Limited. The smallest group into which these accounts are consolidated is esure Group plc. The largest group into which these accounts are consolidated is an intermediate holding company, Blue (BC) Topco Limited. Its ultimate parent company is Blue (BC) Holdings LP, a limited partnership registered in Jersey.