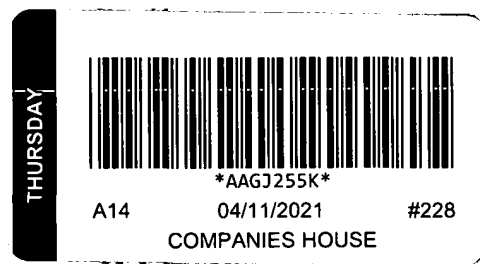


Registered number  
04054321

Capital Hill Partnership (GP) Limited

Report and Financial Statements

31 March 2021



(TO BE FILED WITH  
CAPITAL HILL PARTNERSHIP - LP 7135)

**Capital Hill Partnership (GP) Limited**  
**Report and Financial Statements**  
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**Capital Hill Partnership (GP) Limited  
Company Information**

**Directors**

K A Wilman

R N Black (Resigned 24 June 2021)

I Cody

**Secretary**

Hermes Secretariat Limited

Sixth Floor

150 Cheapside

London

England

EC2V 6ET

**Registered office**

Sixth Floor

150 Cheapside

London

England

EC2V 6ET

**Registered number**

04054321

## **Capital Hill Partnership (GP) Limited**

### **Directors' Report for the year ended 31 March 2021**

The directors present their report together with the financial statements for the year ended 31 March 2021. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

#### **Results**

The results for the year are set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend (2020: nil).

#### **Principal activities and review of the business**

The Company is entitled to the first available profits of Capital Hill Partnership (the "Partnership") which is engaged in the business of commercial property development and investment. The profit share of Capital Hill Partnership (GP) Limited (the "Company") is 0.02%.

During the year the Company acted solely as the General Partner of Capital Hill Partnership and under the terms of the Partnership Agreement, dated 22 December 2000, all the costs incurred in acting as the General Partner are to be met by the Partnership. These costs have been reflected within the Partnership's financial statements.

During the year, the directors made plans to transfer the Partnership's underlying property to a related party with the same members. This has been delayed due to the COVID-19 pandemic. The transfer will be undertaken when it is commercially appropriate to do so. As such, it is the intention of the directors to wind down the Company and liquidate the Partnership. Accordingly, the financial statements are not prepared on the basis of going concern because the directors plan to cease operations following the settlement of the remaining assets.

#### **Statement of directors' responsibilities**

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Capital Hill Partnership (GP) Limited**  
**Directors' Report for the year ended 31 March 2021 (continued)**

**Directors**

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

R N Black (Resigned 24 June 2021)  
K A Wilman  
I Cody

No director had any beneficial or family interest in the share capital of the Company at any time during the year.

**Independent auditors**

The company has passed the following elective resolution on 23 August 2005, that pursuant to the Companies Act 2006, the company hereby elects to dispense with the obligation to appoint auditors annually.

This report was approved by the board of directors and signed on behalf of the board on 07 October 2021.

DocuSigned by:  
  
5C8B70198C6A4B2...  
Ian Cody  
Director

**Capital Hill Partnership (GP) Limited**  
**Profit and Loss Account**  
**for the year ended 31 March 2021**

	<b>Notes</b>	<b>2021 £</b>	<b>2020 £</b>
<b>Income from investments</b>		767	1,032
Administrative expenses		-	(344)
<b>Operating profit</b>	2	<u>767</u>	<u>688</u>
<b>Result on ordinary activities before taxation</b>	3	<u>767</u>	<u>688</u>
Tax on result from ordinary activities	3	(146)	(101)
<b>Result for the period</b>	8	<u><u>621</u></u>	<u><u>587</u></u>

All current year activities are considered to be discontinuing operations.

The company has no recognised gains or losses other than profit indicated for the above two financial years.

There is no difference between results on ordinary activities before taxation and the retained results for the current and prior year above, and their historical cost equivalents.

Notes 1 to 12 form part of these financial statements.

**Capital Hill Partnership (GP) Limited**  
**Balance Sheet**  
**as at 31 March 2021**

	Notes	2021 £	2020 £
<b>Current assets</b>			
Investments held as current assets	4	1	1
Debtors	5	<u>14,104</u>	<u>13,377</u>
		14,105	13,378
<b>Creditors: amounts falling due within one year</b>	6	<u>(204)</u>	<u>(98)</u>
<b>Net current assets</b>		13,901	13,280
<b>Total assets less current liabilities</b>		<u>13,901</u>	<u>13,280</u>
<b>Capital and reserves</b>			
Called up share capital	7	4	4
Profit and loss account	8	13,897	13,276
<b>Total shareholders' funds</b>	9	<u>13,901</u>	<u>13,280</u>

Notes 1 to 12 form part of these financial statements.


The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006.

Members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

DocuSigned by:

  
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Ian Cody  
Director

The financial statements on pages 4 to 9 were approved by the Board of directors on 07 October 2021 and signed on behalf of the board by Ian Cody.

**Capital Hill Partnership (GP) Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2021**

**1 Accounting policies**

***Accounting convention***

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). The principal accounting policies applied in the preparation of these financial statements are set out below.

The Company plans to transfer the Partnership's underlying property to a related party with the same members when it is commercially appropriate to do so. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern. Adjustments have been made to reclassify non-current assets and liabilities as current assets and liabilities and the estimated cost of winding down the business has been accrued.

***Cash Flow Statement***

Under FRS 102, the Company is exempt from the requirement to prepare a cash flow statement as the Company is a wholly owned subsidiary of the Federated Hermes Property Unit Trust and is included in the consolidated financial statements of that Trust.

***Investments***

Investments held as current assets represent an interest in Capital Hill Partnership. Investments are carried at cost unless the directors consider that there has been a permanent impairment in value, in which case the diminution would be recorded in the Profit and Loss Account. Investments held as current assets are held at net realisable value less estimated costs to sell.

***Investment Income***

Investment income is recognised on an accruals basis.

***Taxation***

Current tax including UK corporation tax, is provided at amounts expected to be paid for using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2 Operating Profit**

All operating costs of the Company are incurred and paid on its behalf by Capital Hill Partnership. The directors received no emoluments in respect of their services to the company (2020: £nil). The Company had no employees during the year (2020: no employees).



**Capital Hill Partnership (GP) Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2021**

<b>3 Tax on results from ordinary activities</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in year</b>		
Current tax:		
UK corporation tax on results of the year	(146)	(98)
Adjustments in respect of previous periods	-	(3)
Tax on result on ordinary activities	<u>(146)</u>	<u>(101)</u>

**Factors affecting tax charge for year**

The tax assessed for the year equates to the standard rate of corporation tax in the UK 19%.

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Result on ordinary activities before tax	<u>767</u>	<u>688</u>
Standard rate of corporation tax in the UK	19%	19%
	<b>£</b>	<b>£</b>
Result on ordinary activities multiplied by the standard rate of corporation tax	146	131
Effects of:		
Expenses not deductible for tax purposes	-	-
Income not taxable for tax purposes	(197)	(197)
Adjustments in respect of previous periods	-	3
Allocation from Capital Hill Partnership	<u>164</u>	<u>164</u>
Current tax charge for the year	<u>113</u>	<u>101</u>

**4 Investments held as current assets**

	<b>Investments held as current assets</b>
<b>Cost and net book value</b>	<b>£</b>
At 1 April 2020 and 31 March 2021	<u>1</u>

The directors believe that the carrying value of investments is supported by their underlying net assets.

Investments held as current assets represents an investment of £1 in Capital Hill Partnership.  
Investments held as current assets are held at net realisable value less estimated costs to sell.

**Capital Hill Partnership (GP) Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2021**

<b>5 Debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	3,007	3,046
Prepayments and accrued income	11,097	10,331
	<u>14,104</u>	<u>13,377</u>

Amounts owed by the group undertakings are unsecured, there is no maturity date and there is no interest receivable on this amount.

<b>6 Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Corporation tax	<u>204</u>	<u>98</u>

<b>7 Called up share capital</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Authorised:		
Ordinary "A" shares of £1 each	500	500
Ordinary "B" shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:		
Ordinary "A" shares of £1 each	2	2
Ordinary "B" shares of £1 each	2	2
	<u>4</u>	<u>4</u>

"A" shares and "B" shares have nil votes per share and therefore have equal voting rights, they also have equal rights on the winding up of the company.

**Capital Hill Partnership (GP) Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2021**

<b>8 Profit and loss account</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At 1 April	13,276	12,689
Profit for the financial year	621	587
At 31 March	<u>13,897</u>	<u>13,276</u>
<b>9 Reconciliation of movements in shareholders' funds</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At 1 April	12,693	12,693
Profit for the financial year	621	587
At 31 March	<u>13,314</u>	<u>12,693</u>

**10 Related parties**

The Company has taken advantage of the exemption available under Financial Reporting Standard 8, not to disclose details of transactions with Federated Hermes Property Unit Trust ("FHPUT"), the Company's parent undertaking, or other subsidiary undertakings, as the consolidated financial statements of FHPUT are publicly available.

**11 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Nextlinks Limited. The ultimate parent undertaking and controlling party is FHPUT, an exempt unauthorised unit trust.

FHPUT is the parent undertakings of the largest and smallest group of undertakings to consolidate these financial statements as at 31 March 2021. The financial statements of the Federated Hermes Property Unit Trust can be obtained from Sixth Floor, 150 Cheapside, London, England, EC2V 6ET.

**12 Events after the balance sheet date**

There were no events after the balance sheet date.

Registered number  
LP7135

**Capital Hill Partnership**  
**Report and Financial Statements**  
**for the year ended 25 March 2021**

(TO BE FILED WITH  
CAPITAL HILL PARTNERSHIP (GP) LIMITED - 04054321)

**Capital Hill Partnership  
Report and Financial Statements  
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**Capital Hill Partnership  
Partnership Information**

**General Partner**

Capital Hill Partnership (GP) Limited  
150 Cheapside  
London

**Limited Partner**

Federated Hermes Property Unit Trust  
150 Cheapside  
London  
EC2V 6ET

**Operator**

Hermes Investment Management Limited  
150 Cheapside  
London  
EC2V 6ET

**Independent auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

**Independent Valuers**

Knight Frank LLP  
55 Baker Street  
London  
W1U 8AN

**Solicitors**

Hogan Lovells International LLP  
50 Holborn Viaduct  
London  
EC1A 2FG

**Registered number**

LP7135

## Capital Hill Partnership

### General Partner's Report for the year ended 25 March 2021

The General Partner presents its report and audited financial statements for the year ended 25 March 2021.

#### Principal activities and review of the business

Capital Hill Partnership (the "Partnership") is registered in England and Wales. The principal activity of the Partnership is to acquire, develop, hold, manage and otherwise deal with commercial property with a view of maximising the total investment return from the properties.

In the prior year, the General Partner made plans to transfer the underlying property to a related party with the same members. This has been delayed due to the COVID-19 pandemic. The transfer will be undertaken when it is commercially appropriate to do so. As such, it is the intention of the General Partner to liquidate the Partnership. Accordingly, the financial statements are prepared on the basis other than going concern because the General Partner plans to cease operations following the transfer of the Partnership's only investment property and to liquidate the Partnership following the settlement of the remaining assets.

#### The Partnership

The Capital Hill Partnership is bound by the Limited Partnership Agreement dated 22 December 2000.

#### The Partners

The members of the Partnership who were in office during the year and up to the date of signing the financial statements were Capital Hill Partnership (GP) Limited, and NatWest Trustee and Depositary Services Limited "NatWest-TDS Limited" as trustee for Federated Hermes Property Unit Trust.

The capital of the Partnership has been provided by the partners in the following amounts:

	2021
	£
The General Partner is Capital Hill Partnership (GP) Limited	1
The Limited Partner is:	
NatWest Trustee and Depositary Services Limited as trustee for Federated Hermes Property Unit Trust	360

#### Capital Contributions

No capital contributions were made during the year (2020: None).

#### Rights and entitlements of Partners

The profits and losses of the Partnership are to be shared among the Partners as follows:

Capital Hill Partnership (GP) Limited (up to a maximum of £5,000 per annum)	0.02%
NatWest Trustee and Depositary Services Limited as trustee for Federated Hermes Property Unit Trust	99.98%

**Capital Hill Partnership**

**General Partner's Report for the year ended 25 March 2021 (Continued)**

**Statement of General Partner's responsibilities in respect of the financial statements**

The General Partner is responsible for preparing the financial statements in accordance with the basis of preparation and accounting policies in note 1 for management purposes as required by the Limited Partnership Agreement.

The General Partner must not approve the financial statements unless they are satisfied that they have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1 to the financial statements. In preparing the financial statements, the General Partner is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and accounting estimates that are reasonable and prudent;
- stating the basis of preparation and accounting policies applied; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership.

The General Partner is also required to:

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

**Independent auditors**

PricewaterhouseCoopers LLP, registered auditors, having consented to act, have been appointed auditors of the Partnership to hold office until the General Partner determines otherwise.

The General Partner approved this report on 07 October 2021.

DocuSigned by:

*Ian Cody*

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Capital Hill Partnership (GP) Limited  
General Partner

Date 07 October 2021



# Independent auditors' report to the partners of Capital Hill Partnership

## Report on the audit of the financial statements

### Opinion

In our opinion, Capital Hill Partnership's financial statements:

- give a true and fair view of the state of the Partnership's affairs as at 25 March 2021 and of its loss for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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We have audited the financial statements which comprise: the Balance Sheet as at 25 March 2021; the Profit and Loss Account 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 Partnership 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.

### Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the General Partner's reasons why the financial statements have been prepared on a basis other than going concern.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the General Partner for the financial statements**

As explained more fully in the Statement of General Partner's responsibilities in respect of the financial statements, the General Partner is 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 General Partner is 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 General Partner is responsible for assessing the Partnership'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 General Partner either intends to liquidate the Partnership or to cease operations, or has 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 Partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Limited Partnership Agreement, 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 revenue and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investments held as current assets. Audit procedures performed by the engagement team included:

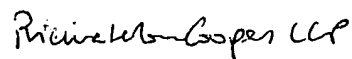
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investments held as current assets including involving our valuations experts in the audit of this area.
- Reviewing relevant meeting minutes and enquiring with the General Partner of the Partnership, including considering any known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinion, has been prepared for and only for the partners of the Partnership as a body for management purposes as required by the Limited Partnership Agreement in accordance with our engagement letter dated 12 July 2021 and for no other purpose. We do not, in giving this opinion, 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, including without limitation under any contractual obligations of the Partnership, save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP

Chartered Accountants

London

07 October 2021

**Capital Hill Partnership**  
**Profit and loss account**  
**for the year ended 25 March 2021**

	Note	2021 £	2020 £
Turnover	2	4,402,064	4,758,093
Service charge income		205,627	512,398
Net property costs		(807,014)	(1,044,011)
<b>Net Gross Profit</b>		<b>3,800,677</b>	<b>4,226,480</b>
Administrative expenses		(390,904)	(19,290)
<b>Operating Profit</b>	3	<b>3,409,773</b>	<b>4,207,190</b>
Net unrealised loss on revaluation of investments held as current assets		(10,132,854)	(17,135,291)
Finance income		483	2,063
<b>Loss before distributions</b>		<b>(6,722,598)</b>	<b>(12,926,038)</b>
Finance costs - distributions	7	(3,410,256)	(4,209,253)
<b>Loss for the financial year</b>		<b><u>(10,132,854)</u></b>	<b><u>(17,135,291)</u></b>

All current year activities are considered to be discontinuing operations.

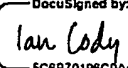
Notes 1 to 11 form part of these financial statements.

**Capital Hill Partnership**  
**Balance sheet**  
**as at 25 March 2021**

	Note	2021 £	2020 £
<b>Current assets</b>			
Investments held as current assets	4	52,724,226	62,092,292
Debtors	5	3,267,333	2,243,163
Cash and deposits		5,858,200	4,059,702
		<u>61,849,759</u>	<u>68,395,157</u>
<b>Creditors: amounts falling due within one year</b>	6	(9,831,851)	(6,244,395)
<b>Net current assets</b>		<u>52,017,908</u>	<u>62,150,762</u>
<b>Total net assets attributable to partners</b>		<u>52,017,908</u>	<u>62,150,762</u>
<b>Capital and reserves</b>			
Partners' accounts	7	60,992,781	60,992,781
Revaluation reserve	7	1,157,981	18,293,272
Unrealised loss	7	(10,132,854)	(17,135,291)
<b>Partnership funds</b>		<u>52,017,908</u>	<u>62,150,762</u>

Notes 1 to 11 form part of these financial statements.

The financial statements on pages 7 to 13 were approved by the General Partner on 07 October 2021 and signed on its behalf by:

DocuSigned by:  
  
 5C6B70196C8A4B2 ..

Capital Hill Partnership (GP) Limited  
 General Partner

Date 07 October 2021

**Capital Hill Partnership  
Notes to the financial statements  
for the year ended 25 March 2021**

**1 Accounting policies**

***Basis of Accounting***

Capital Hill Partnership is a Partnership registered in England and Wales. The address of the registered office is given on page 1. The nature of the Partnership's operations and its principal activities are set out in the General partner's report on pages 2 to 3.

The financial statements have been prepared in accordance with the historical cost accounting convention as modified by the revaluation of investment properties, as described below, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland", and applicable law) and in accordance with the Limited Partnership Agreement. The Partnership has decided to transfer the underlying property and terminate the entity which has been delayed due to the COVID-19 pandemic and will be undertaken when it is commercially appropriate to do so. Accordingly, the financial statements for the prior year and current year are prepared on the basis other than going concern. Adjustments have been made to reclassify fixed assets and liabilities as current assets and liabilities and the estimated cost of winding down the business has been accrued.

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The General Partner has considered the inherent risks to the Partnership's business model, including the impact of COVID-19, and analysed how those risks might affect the Partnership's financial resources. The conclusion of these considerations is that the Partnership has sufficient resources to meet its obligations as they fall due, however, for the reasons set out above, the financial statements have been prepared on a basis other than going concern.

***Statement of Compliance***

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

***Cash Flow Statement***

Under FRS 102, the Partnership is exempt from the requirement to prepare a cash flow statement as the Partnership is a qualifying entity. It is a wholly owned subsidiary of the Federated Hermes Property Unit Trust (the "Trust") and is included in the consolidated financial statements of the Trust.

***Valuation of Investments***

Investment properties (classified as Investments held as current assets in the Balance sheet) are initially recognised at cost and subsequently measured at fair value. No depreciation is provided. Changes in fair value are recognised in the Profit and Loss Account.

The investment properties were valued independently by the Partnership's independent valuers, Knight Frank LLP, as at 25 March 2021, on the basis of Market Value in accordance with RICS Appraisal and Valuation Standards. Knight Frank LLP value the investment properties on a monthly basis. Investments held as current assets are held at net realisable value less estimated costs to sell.

***Taxation***

No taxation is provided as the tax liabilities on the Partnership's profits are a liability of the Partners and not of the Partnership.

**Capital Hill Partnership**  
**Notes to the financial statements**  
**for the year ended 25 March 2021**

**1 Accounting policies (continued)**

**Distributions**

As the Partnership has a finite life, capital contributed by the Partners is not regarded as equity in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Therefore all distributions are treated as finance costs.

**Income and Expenditure**

Rental income, interest and expenditure are accounted for on an accruals basis. Rental income is recognised on a straight-line basis over the term of the lease even if payments are not made as such.

Incentives paid to enter into an operating lease are debited to the profit and loss account, to reduce the rental income, on a straight-line basis over the period of the lease. The Partnership has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (26 March 2014) and continues to debit such lease incentives to rental income over the period to the first review date on which the rent is adjusted to market rates. Lease incentives are recorded within debtors and a corresponding reduction is made to property valuations.

**Creditors**

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**Debtors**

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. A provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are specifically identified.

**Cash and Deposits**

Cash and deposits includes cash at bank, cash in hand and overnight deposits.

**Significant Accounting Estimates**

The partnership's key source of estimation relates to the valuation of the property portfolio where external valuations are obtained from the partnership's independent valuers. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is no assurance that the estimates will reflect the actual sales price even where a sale occurs shortly after the valuation date.

**2 Turnover**

Turnover is attributable to the principal activity, property investment and development. The whole turnover, being rental income, arises within the United Kingdom.

<b>3 Operating profit</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Auditors' remuneration for audit services	22,350	18,225

The Partnership had no employees during the year (2020: nil).

**Capital Hill Partnership**  
**Notes to the financial statements**  
**for the year ended 25 March 2021**

**4 Investments held as current assets**

	Freehold land and buildings £	Operating lease incentives £	Total £
<b>Valuation</b>			
Investments held as current assets at 25 March 2020	62,750,000	(657,708)	62,092,292
Additions	764,788	-	764,788
Net unrealised loss on revaluation of investment held as current assets	(10,014,788)	(118,066)	(10,132,854)
Investments held as current assets at 25 March 2021	<u>53,500,000</u>	<u>(775,774)</u>	<u>52,724,226</u>
<b>Historical cost</b>			
Investments held as current assets at 25 March 2020	60,932,441		60,932,441
Investments held as current assets at 25 March 2021	<u>61,697,229</u>		<u>61,697,229</u>

The table below shows the results of the General Partner's evaluation of the sensitivity of the property portfolio valuation to changes in unobservable inputs to a reasonable alternative:

	As of 25 March 2021 Fair value £000	Unobservable input	Change in fair value +25bps £000	+50bps £000
Investments held as current assets	53,500	Equivalent yield	(2,130)	(4,050)

Investments held as current assets were valued as at 25 March 2021 by Knight Frank LLP, independent valuer in accordance with the current edition of RICS Valuation - Global Standards, issued by the Royal Institution of Chartered Surveyors (the "Red Book") which incorporates the International Valuation Standards. Knight Frank LLP have recent experience in the location and class of the investment property being valued. The valuers have recent experience in the location and class of the investment property being valued. Investments held as current assets are held at net realisable value less estimated costs to sell.

<b>5 Debtors</b>	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Trade debtors	2,465,420	1,529,183
Other debtors	26,140	56,272
Prepayments and accrued income	775,773	657,708
	<u>3,267,333</u>	<u>2,243,163</u>



**Capital Hill Partnership**  
**Notes to the financial statements**  
**for the year ended 25 March 2021**

<b>6 Creditors: amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	(44,687)	44,439
Amounts due to group undertakings	4,847	4,847
Other taxes	429,956	171,075
Other creditors	408,956	631,084
Accruals and deferred income	991,629	1,189,087
Distributions payable	8,041,150	4,203,863
	<b>9,831,851</b>	<b>6,244,395</b>

Amounts due to group undertakings is unsecured, there is no maturity date and there is no interest payable on this amount.

**7 Partners' accounts**

	<b>Capital Hill Partnership (GP) Limited</b>	<b>Federated Hermes Property Unit Trust</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Capital contribution account</b>			
At 25 March 2020	1	360	361
Contributions during the year			
At 25 March 2021	<u>1</u>	<u>360</u>	<u>361</u>
<b>Loan account</b>			
At 25 March 2020	-	60,992,420	60,992,420
Advanced during the year	-	-	-
Withdrawn during the year	-	-	-
At 25 March 2021	<u>-</u>	<u>60,992,420</u>	<u>60,992,420</u>
<b>Profit and loss account</b>			
At 25 March 2020	-	-	-
Profit before finance costs	682	3,409,574	3,410,256
Distribution payable	(682)	(3,409,574)	(3,410,256)
At 25 March 2021	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Partners' Accounts</b>			<u><b>60,992,781</b></u>
<b>Revaluation reserve</b>			
At 25 March 2020			1,157,981
Change of revaluation during the year			(10,132,854)
Realisation of past revaluation gains			-
At 25 March 2021			<u><b>(8,974,873)</b></u>
<b>Total Partnership funds</b>			<u><b>52,017,908</b></u>

**Capital Hill Partnership**  
**Notes to the financial statements**  
**for the year ended 25 March 2021**

**8 Related parties**

The General Partner of Capital Hill Partnership is Capital Hill Partnership (GP) Limited and NatWest Trustee & Depositary Services Ltd as trustee for Federated Hermes Property Unit Trust.

	2021 £	2020 £
As at 25 March 2021 and 25 March 2020 the following amounts were outstanding:		
Amounts owed to Federated Hermes Property Unit Trust	(8,426,169)	(4,795,199)
Amounts owed to Capital Hill Partnership (GP) Limited	(13,568)	(12,908)

For its services, the General Partner is entitled to receive 0.02% of the aggregate of Net Income and (up to a maximum of £5,000 per annum) of the profits of the Partnership as contained in clause 16.1 of the Partnership agreement. The General Partner received a profit share of £688 for the year (2020: £1,032).

**9 Controlling party**

The General Partner regards Federated Hermes Property Unit Trust, an exempt unauthorised unit trust, as the Partnership's ultimate parent undertaking and controlling party. The financial statements of Federated Hermes Property Unit Trust can be obtained from the registered office of the Partnership.

**10 Future Minimum Lease Payments**

At the balance sheet date the Partnership had the following future minimum lease rental income receivable under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than one year	4,794,825	4,364,221
Later than one year and not later than five years	11,018,302	14,900,064
Later than five years	3,613,527	3,165,682
	<u>19,426,654</u>	<u>22,429,967</u>

**11 Events After the Balance Sheet Date**

There were no reportable events after the balance sheet date.