Company Registration No. 4090126

CHAPELFIELD LP LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors submit their Strategic Report of Chapelfield LP Limited ('the Company') for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES
The Company's principal activity is to act as a limited partner to The Chapelfield Partnership ('the Partnership'). The Company had a 100 per cent interest in the Partnership's profit and net assets until 31 January 2018 and a 50 per cent interest from 1 February 2018.

BUSINESS REVIEW
The Company's results and financial position for the year ended 31 December 2019 are set out in full in the income statement, the balance sheet, the statement of changes in equity and the notes to the financial statements.

The Company's loss before tax was £18,677,000 (2018 £20,040,000). Total equity was £33,288,000 (2018 £55,815,000).

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The directors have considered the future activity of the business below and within the going concern section in note 1 to the financial statements.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE REPORTING DATE
The following events impact on the operations of intu Chapelfield, and therefore negatively impact the Company's investment holdings.

The ongoing volatility in the UK retail market has been further exacerbated by the impact of Covid-19 since the balance sheet date, with non-essential retail at intu Chapelfield closed between 24 March and 15 June 2020 in order to comply with measures put in place by the UK Government to limit virus transmissions. From 15 June 2020 non-essential stores began to trade and from 4 July 2020 catering outlets started to re-open, with the opening of leisure facilities permitted from 25 July 2020.

Rents received from customers at intu Chapelfield for the quarter beginning 25 March 2020 were significantly reduced, with collections as at 10 August 2020 totalling 38 per cent. Management are in discussions with customers on the outstanding rents but at this time it is unclear whether these rents will be fully recovered at a later date. Rents received from customers for the quarter beginning 25 June 2020 were 13 per cent as at 10 August 2020.

The directors expect there to be continued downward pressure on property valuations and net rental income in the short term, as retailers adapt to new operating procedures with social distancing measures in place and the long-term effects of the pandemic on the wider UK economy become clear. The latest independent property valuation for intu Chapelfield as at 30 June 2020 shows a decrease of 23 per cent in market value against the December 2019 position.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of the Company), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, entered administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from the date of intu properties plc's administration, the Partnership has entered into a 6-month Transitional Services Arrangement (TSA) with Intu Retail Services Limited (in administration). As part of the TSA, the Partnership is required to pre-fund costs two months in advance to the service providers prior to delivery of services as well as settlement of existing arrears.

PRINCIPAL RISKS AND UNCERTAINTIES
As the Company is a wholly owned subsidiary of the intu properties plc group, the Company faces largely those risks and uncertainties faced by the group. The development of the Covid-19 pandemic since the year end has heightened some of the group's principal risks, including those relating to the investment property market, which is influenced by both macroeconomic and retail specific factors, and the group's operational risk, particularly in respect of health and safety. These risks and uncertainties, including financial risks and the management thereof, are disclosed in the intu properties plc group financial statements.

On behalf of the Board

Martin Breeden
Director
27 August 2020

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

The Company is incorporated and registered in England and Wales (company number 4090126). The Company's registered office is 40 Broadway, London, SW1H 0BT.

DIVIDENDS
The Company paid a dividend of £3,850,000 in the year (2018 £43,367,000).

FINANCIAL RISK MANAGEMENT
The Company is exposed to a variety of financial risks arising from the Company's operations being principally market risk (including interest rate risk), liquidity risk and credit risk.

The Company's financial risk management is carried out by intu properties plc's treasury department. Further details on the group's financial risks as well as policies for managing these risks are disclosed in the intu properties plc group's publicly available financial statements.

CAPITAL MANAGEMENT
The directors consider the capital of the Company to be the ordinary share capital of £2 (2018 £2). Management of this capital is performed at an intu properties plc group level.

GOING CONCERN
Full detail in respect of going concern is set out in note 1. The going concern disclosure details that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

DIRECTORS
The directors who held office during the year and until the date of this report are given below:

Martin Breeden	(Appointed 15 April 2020)
Sean Crosby	(Appointed 16 August 2019 and resigned 15 April 2020)
Hugh Ford	(Resigned 7 August 2020)
Barbara Gibbes	(Resigned 16 August 2019)
Minakshi Kidia	(Appointed 16 August 2019 and resigned 15 April 2020)
Maurice Moses	(Appointed 7 August 2020)
Matthew Roberts	(Resigned 15 April 2020)
Rebecca Ryman	(Appointed 15 April 2020)

DIRECTORS' INDEMNITY PROVISION
A qualifying indemnity provision (as defined in S234 of the Companies Act 2006) was in force for the benefit of the directors of the Company during the financial year and at the date of the approval of the financial statements. The Company's ultimate parent, intu properties plc, maintains directors' and officers' insurance which is reviewed annually.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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.

INDEPENDENT AUDITOR

Deloitte LLP succeeded PricewaterhouseCoopers LLP as the auditor for the financial year commencing 1 January 2019, further to the resolution passed at the AGM on 3 May 2019.

So far as the directors are aware, there is no relevant audit information of which the auditor is unaware and each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS CONFIRMATIONS

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance.

On behalf of the Board

Martin Breeden
Director
27 August 2020

Independent auditor's report to the members of Chapelfield LP Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Chapelfield LP Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement and statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which indicates that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern.

The Company is a limited partner to the Chapelfield Partnership (the Partnership), which owns and manages intu Chapelfield.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with its lenders, intu properties plc (the ultimate parent company of the Company), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, were placed into administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from 26 June 2020, the date of intu properties plc's administration, the Partnership has entered into a 6-month Transition Services Arrangement (TSA) with intu properties plc's administrator. As part of the TSA, the administrators require pre-funding of any costs prior to delivery of services.

The Company is funded through a £74 million bank loan. This funding has been provided to the Partnership by means of a £74.3 million partner loan.

We identified the following areas which we considered to be the key risks giving rise to a material uncertainty in relation to the directors' going concern assessment. Should any of the risk factors discussed in note 1 or below occur, the Company may be unable to make payments as they fall due and may enter administration.

Risk area

The Partnership:
The financial statements of The Chapelfield Partnership indicate a material uncertainty exists that may cast significant doubt on its ability to continue as a going concern relating to:

- risk of default and covenant compliance;
- implications of the intu properties plc administration;
- the TSA period;
- time following the TSA period; and
- impact of Covid-19.

If the Partnership is no longer able to continue as a going concern, there may be no requirement for the Company to remain a limited partner, and therefore to continue in operation.

Recoverability of partner loans
There is risk that if the Partnership cannot repay their amounts owed as they fall due and in full, the Company will not be able to meet its own obligations.

Risk of default and covenant compliance
30 June 2020 is a calculation date in relation to the loan to value and interest cover ratio covenants in respect of the bank loan. In the event of breach, the lenders can enforce their security.

As stated in note 1, the events or conditions described above indicate that a material uncertainty exists that may cast significant doubt on the group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

CHAPELFIELD LP LIMITED

Use of our report

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.

Stephen Craig FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
20 August 2020

CHAPELFIELD LP LIMITED

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Gain on disposal of subsidiaries		-	18,751
Impairment of investments in joint venture	6	(21,531)	-
Investment income		3,850	2,200
Operating (loss)/profit		(17,680)	20,951
Finance costs	3	(2,671)	(2,151)
Finance income	4	2,449	2,225
Change in fair value of derivative financial instruments		(774)	(985)
(Loss)/profit before taxation	2	(18,677)	20,040
Taxation	5	-	-
(Loss)/profit for the year		(18,677)	20,040

Other than the items in the income statement above there are no items of comprehensive income, and accordingly a separate statement of comprehensive income has not been presented.

CHAPELFIELD LP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	As at 31 December 2019	As at 31 December 2018 *Re-presented
		£000	£000
Non-current assets			
Investment in joint ventures	6	34,368	55,899
Loans to joint ventures	6	74,000	74,000
Trade and other receivables	8	-	-
		108,368	129,899
Current assets			
Trade and other receivables	8	312	312
Cash and cash equivalents		5,005	5
		5,317	317
Total assets		113,685	130,216
Current liabilities			
Trade and other payables	9	(5,572)	(581)
Borrowings	10	(5,000)	-
Derivative financial instruments		(176)	(51)
		(10,748)	(632)
Non-current liabilities			
Borrowings	10	(68,333)	(73,111)
Derivative financial instruments		(1,316)	(658)
		(69,649)	(73,769)
Total liabilities		(80,397)	(74,401)
Net assets		33,288	55,815
Equity			
Share capital		-	-
Retained earnings		33,288	55,815
Total equity		33,288	55,815

* see note 1 for details of re-presented amounts

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

The notes on pages 13 to 21 form part of these financial statements

The financial statements of Chapelfield LP Limited (registration number: 4090126) were approved by the Board of directors and authorised for issue on 27 August 2020 and were signed on its behalf by:

Martin Breeden
Director

CHAPELFIELD LP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2018	79,951	(809)	79,142
Profit for the year	-	20,040	20,040
Total comprehensive income for the year	-	20,040	20,040
Dividends paid	-	(43,367)	(43,367)
Capital reduction	(79,951)	79,951	-
Balance at 31 December 2018	-	55,815	55,815
Balance at 1 January 2019	-	55,815	55,815
Loss for the year	-	(18,677)	(18,677)
Total comprehensive loss for the year	-	(18,677)	(18,677)
Dividends paid	-	(3,850)	(3,850)
Balance at 31 December 2019	-	33,288	33,288

1 Accounting convention, basis of preparation and accounting policies

Chapelfield LP Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 3.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 1.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company has taken an exemption under IFRS 10 from preparing consolidated financial statements as the Company is consolidated as a subsidiary in the intu properties plc group financial statements.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The Company has taken advantage of certain disclosure exemptions in FRS 101 as its financial statements are included in the publicly available consolidated financial statements of intu properties plc. Copies of those consolidated financial statements can be obtained from intu properties plc, 40 Broadway, London, SW1H 0BT or from the group's website www.intugroup.co.uk.

In preparing the Company financial statements the Company has taken advantage of the following disclosure exemptions available under FRS 101, and therefore the Company financial statements do not include:

- certain comparative information as otherwise required by IFRS
- disclosures regarding the Company's management of capital
- a statement of cash flows
- disclosures in respect of financial instruments
- disclosures in respect of IFRS 13 fair value measurement
- disclosure of related party transactions
- the effect of future accounting standards not yet adopted

The above disclosure exemptions have been adopted because equivalent disclosures are included in the intu properties plc group consolidated financial statements into which the Company is consolidated. A summary of the significant accounting policies as applied to the Company is set out below.

The entity has transitioned to FRS 101 during the year and there has been no material effect upon transition.

The financial statements have been prepared under the historical cost convention as modified by derivative financial instruments and certain other assets and liabilities that have been measured at fair value.

Except as described above, the accounting policies are consistent with those applied in the last annual financial statements, as amended when relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year.

This is the company's first set of annual financial statements where IFRS 16 Leases has been applied. The standard requires lessees to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Revaluation of the right-of-use asset and finance costs on the lease liability will be recognised in the income statement. The standard does not affect the current accounting for rental income earned. The adoption of this standard has not had a material impact on the financial statements.

A number of standards and amendments to standards have been issued but are not yet effective for the current year. These are not expected to have a material impact on the company's financial statements.

1 Accounting convention, basis of preparation and accounting policies (Continued)

Re-presentation of information

- Balance sheet

Amounts attributable to loans to joint ventures previously classified within trade and other receivables has been re-presented to a separate line, loans to joint ventures. Following the change in presentation, at 31 December 2018 £75 million has been separately classified as loans to joint ventures and trade and other receivables has decreased by the same amount.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with the Company's accounting policies requires management to make judgements and use estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these judgements and estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those judgements and estimates.

– key sources of estimation uncertainty

Investment in joint ventures - A key source of estimation uncertainty exists over the valuation of investments in joint ventures due to the recognition of provisions for impairment as set out below and as detailed in note 6. Impairment losses may be increased by further structural issues in the retail sector or a UK wide recession, therefore further reducing the value of investments in joint ventures.

– critical accounting judgements

Going concern – when preparing the financial statements, management is required to make an assessment of the entity's ability to continue as a going concern and prepare the financial statements on this basis unless it either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. As set out in going concern, there are events or conditions that indicate a material uncertainty exists in relation to going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

1 Accounting convention, basis of preparation and accounting policies (Continued)

Going concern

–introduction and material uncertainty

The Company's business activities are set out in the principal activities section of the strategic report on page 1. The Company acts as a limited partner to the Chapelfield Partnership ('the Partnership'), which owns and manages intu Chapelfield.

The Company's funding is provisioned through a bank loan as detailed in note 10. The Company has used this finance to provide funding to the Partnership in the form of a partner loan as detailed in note 8.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of the Company), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, entered administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from the date of intu properties plc's administration, the Partnership (together with Chapelfield Nominee Limited) has entered into a 6-month Transitional Services Arrangement (TSA) with Intu Retail Services Limited (in administration). As part of the TSA, the Partnership is required to pre-fund costs two months in advance to the service providers prior to delivery of services as well as settlement of existing arrears.

The directors have considered the impact of potential financial covenant breaches in relation to the Company's borrowings, which could lead to the Company being in default. If the Partnership was unable to fund its interest payments to the Company or make sufficient distributions, this could reduce liquidity within the Company and may affect its ability to meet debt service and other obligations as they fall due. The prospect of lender enforcement is outside of the control of the directors if an event of default was to occur.

The financial statements of the Partnership indicate that a material uncertainty exists that may cast significant doubt on its ability to continue as a going concern relating to:

- the impact of Covid-19 on ongoing operations;
- the funding of any potential liquidity shortfall;
- the transition to alternative third-party asset and facilities management service providers ahead of the 6-month TSA period end-date; and
- the strategic direction of the Partnership going forward.

If the Partnership is unable to continue as a going concern, there may be no requirement for the Company to continue to act as a limited partner to and hold investments in the Partnership, and therefore for it to continue in operation. Certain aspects relating to these events and conditions are outside of the control of the directors.

–Conclusion

The events or conditions described above indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

After reviewing the most recent projections and having carefully considered the material uncertainty, the directors have formed the judgement that it is appropriate to prepare the financial statements on the going concern basis.

In forming this conclusion, the directors have taken note of the similar material uncertainty conclusions reached by the directors of the General Partner to the Partnership in their assessment of going concern.

The auditor's report refers to this material uncertainty surrounding going concern.

1 Accounting convention, basis of preparation and accounting policies (Continued)

Investments
Investments in joint ventures are carried at cost less any provision for impairment as set out below.

Impairment of assets
The Company's assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

At each balance sheet date the Group reviews whether there is any indication that an impairment loss recognised in previous periods may have decreased. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss recognised in prior periods is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount. In this case the asset's carrying amount is increased to its recoverable amount but not exceeding the carrying amount that would have been determined had no impairment loss been recognised.
The reversal of an impairment loss is recognised in the income statement.

Borrowings
Borrowings are initially recognised at fair value taking into account attributable transaction costs and subsequently carried at amortised cost with any transaction costs, premiums or discounts recognised over the contractual life in the income statement using the effective interest method.

In the event of early repayment, all unamortised transaction costs are recognised immediately in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and deposits with banks.

Cash and cash equivalents includes £5.0 million held in a cure account that are subject to restrictions and are therefore not available for general use by the Company.

Trade receivables
Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost less loss allowance for expected credit losses.

When applying an allowance for expected credit losses, judgement is exercised as to the collectability of trade receivables and to determine if it is appropriate to impair these assets. When considering expected credit losses, management has taken into account days past due, the credit status of the counterparty and historical evidence of collection.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Taxation
Current tax is the expected tax payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using rates applicable at the balance sheet date.

1 Accounting convention, basis of preparation and accounting policies (Continued)

Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption within one year of the reporting date. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes and expected to be settled within one year of the reporting date. All other liabilities are classified as non-current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2 Loss/profit before tax

The loss before tax for the year ended 31 December 2019 of £18,677,000 (2018 profit before tax of £20,040,000) did not include any fees in respect of auditor's remuneration of £3,400 (2018 £1,762) in respect of the audit of the financial statements, which was settled on behalf of the Company by Intu Chapelfield Limited and has not been recharged. No non-audit services were provided during the current or prior year.

The directors did not receive or waive any emoluments (2018 £nil) in respect of their services to the Company.

There were no employees during the year (2018 none).

3 Finance costs

	2019 £000	2018 £000
Interest on bank overdrafts and loans	2,671	2,151

4 Finance income

	2019 £000	2018 £000
Other interest receivable	-	10
On loans owed by joint ventures	2,449	2,215
	2,449	2,225

5 Taxation

The tax expense for the year is higher than (2018 lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £000	2018 £000
(Loss)/profit before taxation	(18,677)	20,040
(Loss)/profit before tax multiplied by the standard rate of tax in the UK of 19% (2018 19%)	(3,549)	3,808
Group relief (without payment)	(85)	(14)
(Non-taxable income)/disallowed expenses	3,464	(3,675)
Transfer pricing adjustment	(8)	8
Partnership profits taxed in the company	(4,313)	(2,991)
REIT exemption - corporate tax	(686)	(1,195)
REIT exemption - deferred tax	5,177	4,059
Tax expense	-	-

6 Investment in and loans to joint ventures

	2019 £000	2018 £000
Cost and net book value		
At 1 January	55,899	-
Addition	-	55,899
Impairment	(21,531)	-
At 31 December	34,368	55,899

	2019 £000	2018 Re-presented* £000
Non-current		
Loans owed by joint ventures	74,000	74,000

* see note 1 for details of re-presented amounts

Loans owed by joint ventures represents a partner loan that is unsecured and redeemable upon the Company's withdrawal from The Chapelfield Partnership. Until 14 August 2019 the partner loan bore interest at a rate of 3.27 per cent and after this date at a rate of 3.42 per cent.

Impairment charges of £21.5 million recognised during the year relate to the Company's investment in the Chapelfield Partnership.

7 Joint ventures

Details of the Company's joint ventures at 31 December 2019 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest and voting rights (%)	Nature of business
The Chapelfield Partnership	United Kingdom	50%	Owner and operator of intu Chapelfield

8 Trade and other receivables

	Current 2019	2018	Non-current 2019	2018 Re-presented*
	£000	£000	£000	£000
Amounts owed by joint ventures	312	312	-	-
	312	312	-	-

* see note 1 for details of re-presented amounts

Other amounts owed by joint ventures are unsecured, repayable on demand and non-interest bearing.

9 Trade and other payables

	2019	2018
	£000	£000
Amounts owed to group undertakings	5,000	-
Accruals	572	581
	5,572	581

Amounts owed to group undertakings are non-interest bearing, unsecured and repayable on demand.

10 Borrowings

	2019 £000	2018 £000
Bank loans	73,333	73,111

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £000	2018 £000
Current liabilities	5,000	-
Non-current liabilities	68,333	73,111
	73,333	73,111

During 2018 the Company entered into a £74,000,000, 5 year bank loan with an interest rate of 3.42% (2018 3.27%)

The loan is stated after deduction of unamortised costs of £667,000 (2018: £889,000).

On 14 February 2020 the Company partially repaid £5,000,000 of the bank loan.

11 Ultimate parent company

The ultimate parent company is intu properties plc, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Intu Chapelfield Limited*, a company incorporated and registered in England and Wales, copies of whose financial statements may be obtained as above.

* The company's registered office is 40 Broadway, London, United Kingdom, SW1H 0BT.

12 Events after the reporting date

The following events impact on the operations of intu Chapelfield, and therefore negatively impact the Company's investment holdings.

In Q1 2020, the existence of a global virus outbreak known as Covid-19 was confirmed. Non-essential retail at intu Chapelfield closed between 24 March and 15 June 2020 in order to comply with measures put in place by the UK Government to limit virus transmissions. From 15 June 2020 non-essential stores began to trade and from 4 July 2020 catering outlets started to re-open, with the opening of leisure facilities permitted from 25 July 2020.

Rents received from customers at intu Chapelfield for the quarter beginning 25 March 2020 were significantly reduced, with collections as at 10 August 2020 totalling 38 per cent. Management are in discussions with customers on the outstanding rents but at this time it is unclear whether these rents will be fully recovered at a later date. Rents received from customers for the quarter beginning 25 June 2020 were 13 per cent as at 10 August 2020.

On 26 June 2020, following unsuccessful negotiations for a group-wide standstill with lenders to group entities and a resulting inability to agree a standstill with its lenders, intu properties plc (the ultimate parent company of the Company), along with certain intu group entities that provide asset and facilities management services to intu Chapelfield, entered administration.

To enable continued uninterrupted delivery of asset and facilities management services to intu Chapelfield from the date of intu properties plc's administration, the Partnership has entered into a 6-month Transitional Services Arrangement (TSA) with Intu Retail Services Limited (in administration). As part of the TSA, the Partnership is required to pre-fund costs two months in advance to the service providers prior to delivery of services as well as settlement of existing arrears.

The latest independent property valuation for intu Chapelfield as at 30 June 2020 shows a decrease of 23 per cent in market value against the December 2019 position.