

# ELEPHANT AND CASTLE PROPERTIES LIMITED

## Annual report and financial statements

For the 9 months ended 31 December 2020

Company Registration No. 04434716



**ELEPHANT AND CASTLE PROPERTIES LIMITED**  
*Annual report and financial statements for the 9 months ended 31 December 2020*

**Contents**

Page	
2	Company information
3	Directors' report
6	Statement of Directors' responsibilities
7	Independent auditor's report
10	Statement of comprehensive income
11	Statement of financial position
12	Statement of changes in equity
13	Notes to the financial statements

## **ELEPHANT AND CASTLE PROPERTIES LIMITED**

*Annual report and financial statements for the 9 months ended 31 December 2020*

### **Company Information**

#### **Directors**

Rick De Blaby

Emma Parr

#### **Registered office**

6th Floor Lansdowne House  
Berkeley Square  
London  
W1J 6ER  
United Kingdom

#### **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF  
United Kingdom

## **ELEPHANT AND CASTLE PROPERTIES LIMITED**

*Annual report and financial statements for the 9 months ended 31 December 2020*

### **Directors' Report**

The Directors present the annual report and the audited financial statements for the period ended 31 December 2020, following a change in the financial year end from 31 March to 31 December.

#### **Directors**

The Directors who served during the period, and at the date of this report were:

- Rick De Blaby (appointed 21 August 2020)
- Gregory John Hyatt (appointed 21 August 2020, resigned 31 August 2021)
- Emma Parr (appointed 27 July 2021)
- DV4 Administration Limited (resigned 21 August 2020)
- Ann Mary Hodgetts (resigned 21 August 2020)
- Mabel Tan (resigned 21 August 2020)
- Mashood Ashraf (resigned 21 August 2020)

#### **Principal activities**

The principal activity of the Company is that of property management at the Elephant and Castle Town Centre plots. The Company holds a long leasehold interest in the property known as the Elephant and Castle Shopping Centre (the "Shopping Centre") with a peppercorn ground rent payable to the freeholder. The lease agreement also stipulates that the Company surrenders all net income earned from the Shopping Centre to the freeholder. As such the Company does not have the right to obtain the economic benefit from the Shopping Centre.

Operations at the Shopping Centre were wound down during the period ahead of the planned re-development of the plots. The Company incurs the demolition costs in relation to the Shopping Centre site on behalf of other group entities, these costs being fully recoverable, with no mark up.

#### **Results and dividends**

The loss for the period amounted to £0.6m (March 2020: £0.9m) before and after tax. The Directors do not recommend payment of an ordinary dividend for the period (March 2020: nil).

#### **Principal risks and uncertainties**

In the opinion of the Directors, the major risk faced by the Company is if the Company experiences financial difficulties due to lack of funding to proceed with the development of the plot of land. Therefore the completion of the project would be hindered and may fall behind schedule. The Company finances its activities with loans from group undertakings which mitigates this risk. However, the Company is exposed to the following financial and market risks:

##### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims to mitigate liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

##### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

## **ELEPHANT AND CASTLE PROPERTIES LIMITED**

*Annual report and financial statements for the 9 months ended 31 December 2020*

### **Directors' Report (continued)**

#### **Principal risks and uncertainties (continued)**

##### ***Currency risk***

The Company has no significant assets or liabilities denominated in currencies other than Pounds Sterling and is therefore not exposed to currency risk at the balance sheet date.

##### ***Interest rate risk***

There is no interest rate risk because all loans are interest free.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The Directors have considered cash flow requirements for a period of 12 months from when the financial statements are authorised for issue (the "going concern period").

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Get Living PLC. The Directors have received confirmation that Get Living PLC will support the Company for at least one year after these financial statements are approved and signed. The Company's ability to meet its future liabilities is therefore dependent on the financial performance and position of the Group as a whole. The directors have carried out a review, including consideration of appropriate forecasts, which indicate that the Company will have adequate resources to continue to trade for the going concern period based on the ongoing liquidity of the Group.

At a Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities and shareholder facilities, as well as forecast covenant compliance. Further stress testing involving downside scenarios has been carried out to ensure the Group has sufficient cash resources to continue in operation for the going concern period.

The Group has also evaluated potential events and conditions beyond the going concern period that may cast significant doubt on the going concern assessment, specifically, the ability of the Group to secure or extend existing facilities. The Directors are of the view that they have a realistic prospect of securing this financing. Based on this, together with available market information and the Directors' knowledge and experience of the Company, the Directors continue to adopt the going concern basis in preparing the financial statements for the period ended 31 December 2020.

## **ELEPHANT AND CASTLE PROPERTIES LIMITED**

*Annual report and financial statements for the 9 months ended 31 December 2020*

### **Directors' Report (continued)**

#### **Directors' statement as to disclosure of information to auditors**

The Directors who were members of the Board at the time of approving the Directors' Report are shown above. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

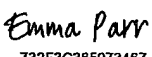
#### **Auditors**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

#### **Small companies' exemption**

In preparing the report and financial statements, the Directors have taken advantage of the small companies' exemption provided under the Companies Act 2006. The Directors have also taken advantage of the exemption provided under Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 for the requirement to produce a Strategic Report for the period.

Approved by the Board of Directors and signed on behalf of the Board.

DocuSigned by:  
  
732F3C385073467...

Emma Parr

Director

Date: 19/11/2021 2021

## **ELEPHANT AND CASTLE PROPERTIES LIMITED**

*Annual report and financial statements for the 9 months ended 31 December 2020*

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- 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's Report to the Members of Elephant and Castle Properties Limited**

### **Opinion**

We have audited the financial statements of Elephant and Castle Properties Limited (the 'Company') for the period ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



## **Independent Auditor's Report to the Members of Elephant and Castle Properties Limited (continued)**

### **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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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 material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

## **Independent Auditor's Report to the Members of Elephant and Castle Properties Limited (continued)**

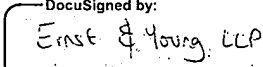
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice)) and the relevant tax regulations in the United Kingdom.
- We understood how Elephant and Castle Properties Limited is complying with those frameworks through enquiry with management, and by identifying the policies and procedures regarding compliance with laws and regulations. We also identified those members of management who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by reviewing the Company's risk register, enquiry with management during the planning and execution phases of our audit.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved the following:
  - Inquire of members of senior management, and when appropriate, those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements.
  - Reading minutes of meetings of those charged with governance.
  - Obtaining and reading correspondence from legal and regulatory bodies including HMRC.
  - Performing journal entry testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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.

DocuSigned by:  
  
103798B67DDC41B...

Daniel Saunders (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
Date: November 24, 2021

**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Statement of comprehensive income**

		<b>Period ended 31 December 2020</b>	<b>Restated Unaudited Year ended 31 March 2020</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
Rental income	5	-	-
<b>Total revenue</b>		-	-
Direct property costs	6	-	5
<b>Gross (loss)/profit</b>		-	5
Administrative expenses		(491)	(865)
<b>Operating loss</b>	7	(491)	(860)
Interest payable and similar cost	8	(106)	-
Interest receivable and similar income		-	1
<b>Loss on ordinary activities before taxation</b>		(597)	(859)
Taxation	9	-	-
<b>Loss for the period/year</b>		(597)	(859)
Other comprehensive income		-	-
<b>Total comprehensive loss for the period/year</b>		(597)	(859)

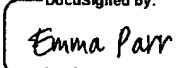
**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Statement of financial position**

		31 December 2020	Unaudited 31 March 2020
	Notes	£000	£000
<b>Current assets</b>			
Debtors	10	9,113	580
		<u>9,113</u>	<u>580</u>
Creditors: amounts falling due within one year	11	(8,152)	(2,535)
<b>Net current assets/(liabilities)</b>		<u>961</u>	<u>(1,955)</u>
Loans and borrowings	12	(2,225)	-
<b>Net liabilities</b>		<u>(1,264)</u>	<u>(1,955)</u>
<b>Capital and reserves</b>			
Share capital	13	-	-
Other equity reserves	14	1,288	-
Retained earnings		(2,552)	(1,955)
<b>Total shareholders deficit</b>		<u>(1,264)</u>	<u>(1,955)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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

The financial statements were approved by the Board of Directors for issue on **19 NOVEMBER** 2021 and were signed on its behalf by:

DocuSigned by:  
  
 732F3C385073467.....  
 Emma Parr

Director  
 Date: 19/11/2021  
 Company Registration No. 04434716

**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Statement of changes in equity**

	Share capital	Retained earnings	Other equity reserves	Total Shareholders deficit
	£000	£000	£000	£000
As at 1 April 2019 (unaudited)	-	(1,096)	-	(1,096)
Total comprehensive loss for the year (unaudited)	-	(859)	-	(859)
<b>As at 31 March 2020 (unaudited)</b>	-	(1,955)	-	(1,955)
Total comprehensive loss for the period	-	(597)	-	(597)
Other equity contributions	-	-	1,288	1,288
<b>As at 31 December 2020</b>	-	<b>(2,552)</b>	<b>1,288</b>	<b>(1,264)</b>

## **ELEPHANT AND CASTLE PROPERTIES LIMITED**

*Annual report and financial statements for the 9 months ended 31 December 2020*

### **Notes to the financial statements**

#### **1. Transition to and statement of compliance with FRS 101**

The Company transitioned from FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Ireland (FRS 102) to FRS 101 "Reduced Disclosure Framework" (FRS 101) on 1 April 2020. There were no adjustments resulting from the transition in either the current period or the prior year comparative. As permitted under FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard which are listed under Note 2.

These Company financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and in accordance with the Companies Act 2006.

#### **2. Basis of preparation**

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2020. The financial statements are prepared in Pound Sterling and are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

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

- the requirements of IFRS 7 Financial Instruments: Disclosures - the management of financial risk disclosures including management of credit, liquidity, and market risk and interest rate sensitivity analysis;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement— disclosures around fair values of assets and liabilities;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 16, 111 and 134-136 of IAS 1 Presentation of Financial Statements – presentation of statement of cash flows, explicit and unreserved statement of compliance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — disclosure of new accounting standards and interpretations that have been issued but are not yet effective;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures – disclosure relating to compensation of key management personnel;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between the parent and wholly-owned subsidiaries;
- the requirements of paragraph 52 of IFRS 16 Leases; and
- the requirements of paragraphs 6 and 21 of IFRS 1 First time Adoption of International Financial Reporting Standards' requirement to present an opening IFRS statement of financial position and comparative information following transition to FRS 101 "Reduced Disclosure Framework".

#### **Key judgements**

The preparation of financial statements in conformity with international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of critical judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and assumptions concerning the future, and the accounting results of those estimates may not equal the related actual results.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes forming part of these financial statements as discussed below.

**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Notes to the financial statements (continued)****2. Basis of preparation (continued)****Key judgements (continued)*****Control of Elephant and Castle Shopping Centre***

The Company holds a long leasehold interest in the Elephant and Castle Shopping Centre with a peppercorn ground rent payable to the freeholder, who is a fellow group undertaking. The lease agreement also stipulates that the Company surrenders all net income earned from the shopping centre to the freeholder. For a lease to be recognised under IFRS 16, the contract must convey the right to control the use of an identified asset. A Company has such a right if it has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. Management consider that the Company does not obtain substantially all the economic benefits from the use of the asset due to the clause requiring the surrender of all net income. Therefore, no lease is present, no right of use asset or liability is recognised on the Company balance sheet and the Company is considered the agent under IFRS 15. This is a key management judgement.

**Going concern**

The financial statements have been prepared on a going concern basis. The Directors have considered cash flow requirements for a period of 12 months from when the financial statements are authorised for issue (the "going concern period").

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Get Living PLC. The Directors have received confirmation that Get Living PLC will support the Company for at least one year after these financial statements are approved and signed. The Company's ability to meet its future liabilities is therefore dependent on the financial performance and position of the Group as a whole. The directors have carried out a review, including consideration of appropriate forecasts, which indicate that the Company will have adequate resources to continue to trade for the going concern period based on the ongoing liquidity of the Group.

At a Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities and shareholder facilities, as well as forecast covenant compliance. Further stress testing involving downside scenarios has been carried out to ensure the Group has sufficient cash resources to continue in operation for the going concern period.

The Group has also evaluated potential events and conditions beyond the going concern period that may cast significant doubt on the going concern assessment, specifically, the ability of the Group to secure or extend existing facilities. The Directors are of the view that they have a realistic prospect of securing this financing. Based on this, together with available market information and the Directors' knowledge and experience of the Company, the Directors continue to adopt the going concern basis in preparing the financial statements for the period ended 31 December 2020.

**Prior year adjustment**

The financial statements provide comparative information in respect of the year ended 31 March 2020. The following adjustments to the comparatives have been made to the Statement of Comprehensive Income in accordance with FRS 101.

In the comparative, the presentation of the rental income and direct property costs were previously shown on the gross basis. The terms of the leasehold arrangement determine that under FRS 101 these should be presented on the net basis. These amounts have been corrected by way of a prior year adjustment.

The net impact on the gross profit and profit before tax is £nil. The reclassification posted is the correction of a presentation error in the prior year Statement of Comprehensive Income.

## **ELEPHANT AND CASTLE PROPERTIES LIMITED**

*Annual report and financial statements for the 9 months ended 31 December 2020*

### **Notes to the financial statements (continued)**

#### **3. Accounting standards**

##### **a) New and amended standards and interpretations effective in current financial period**

There were several new standards and amendments to the standards and interpretations which are applicable for the first time in the period ended 31 December 2020, but these are either not relevant or do not have a material impact on the financial statements of the Company.

#### **4. Summary of significant accounting policies**

##### **a) Interest free loans**

Obligations for interest free intercompany loans are recognised when the Company becomes party to the related contracts and are measured initially at the fair value represented by the present value of future cash flows discounted at the market rate of interest at the date of the initial drawdown. An Other Equity Reserve is recognised, being the difference between the fair value of the present value of future cash flows and the consideration advanced.

After initial recognition, interest free intercompany loans are subsequently measured at amortised cost using the effective interest method. The discount between the redeemable amount and the net proceeds is accreted over the term of the loan and charged to the statement of comprehensive income. Where there is an early repayment of an interest free intercompany loan, a fair value adjustment is made to the loan balance with the other side being to reduce the other equity reserve.

##### **b) Taxes**

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 that are enacted or substantively enacted, at the reporting date.

Current tax is the expected tax payable on any non-REIT taxable profits for the period, using tax rates applicable at the balance sheet date, and any adjustment to tax payable in respect of previous years.

##### **c) Financial Instruments: Classification and Measurement**

Debtors are classified as financial assets at amortised cost in line with IFRS 9. They are initially measured at fair value and then subsequently measured at amortised cost. Classification is determined by the nature of the cash flows of the assets and the business model in which they are held. The impairment requirements are based on a forward-looking expected credit loss (ECL) model. IFRS 9 requires the Company to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss, including lease receivables and any contract assets. The Company does not apply hedge accounting nor does it hold any assets classified as fair value through profit and loss (FVTPL).

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings which are held at amortised costs.

##### **d) Revenue and direct property costs**

The Company collects rental income from a property known as Elephant and Castle Shopping Centre. Management consider that the Company does not obtain substantially all the economic benefits from the use of the asset due to the terms of the lease agreement, where the freeholder controls the services provided relating to the property. Therefore the Company is the agent in this transaction and revenue and costs are recognised net in direct property costs in both the current period and prior year.



**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Notes to the financial statements (continued)****4. Summary of significant accounting policies (continued)****e) Leases**

The Company holds a long leasehold interest in the Elephant and Castle Shopping Centre with a peppercorn ground rent payable to the freeholder, who is a fellow group undertaking. The lease agreement also stipulates that the Company surrenders all net income earned from the shopping centre to the freeholder. For a lease to be recognised under IFRS 16, the contract must convey the right to control the use of an identified asset. A Company has such a right if it has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. Management consider that the Company does not obtain substantially all the economic benefits from the use of the asset due to the clause requiring the surrender of all net income. Therefore, no lease is present and no right of use asset or liability is recognised on the Company balance sheet.

**5. Revenue**

Rental income during the period was £nil (March 2020: £nil). The Company is the agent in the group arrangement and therefore revenue and costs arising from retail tenancies in the Shopping Centre are recognised net and recharged to a fellow group undertaking.

**6. Direct property costs**

Direct property costs during the period ended 31 December 2020 were £nil (March 2020: £5k). The Company is the agent in the group arrangement and costs arising from retail tenancies in the Shopping Centre are recognised net and recharged to a fellow group undertaking.

**7. Operating results**

	Period ended 31 December 2020	Unaudited Year ended 31 March 2020
	£000	£000
Operating loss is stated after charging:		
Auditor's remuneration	5	-

The Company had no employees during the period (March 2020: nil).

**Directors' remuneration**

The Directors received total remuneration for their services to the Get Living PLC Group for the period ended 31 December 2020 of £0.6m, all of which was paid by Get Living London Limited, a subsidiary of Get Living PLC. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies. In the year ended 31 March 2020, prior to the change in Directors of the Company, the Directors were remunerated for their services provided to the group through the controlling parties in which they represent. Their total remuneration was not allocated between the services they provide to the Company and its subsidiaries. Consequently, the Directors received no remuneration or reimbursements from Get Living PLC or any of its subsidiaries.

**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Notes to the financial statements (continued)****8. Interest payable and similar cost**

	Period ended 31 December 2020	Unaudited Year ended 31 March 2020
	£000	£000
Imputed interest charge on interest free intercompany loan	106	-
	<b>106</b>	<b>-</b>

**9. Taxation**

	Period ended 31 December 2020	Unaudited Year ended 31 March 2020
	£000	£000
Current tax charge	-	-
<b>Factors affecting the tax charge for the period:</b>		
Loss on ordinary activities before taxation	(597)	(859)
Loss on ordinary activities before taxation multiplied by the rate of UK corporation tax 19% (March 2020: 19%):	(113)	(163)
<i>Effect of:</i>		
Exempt REIT expense	42	-
Fair value adjustments	20	-
Non-allowable expenses	-	88
Losses not recognised	51	75
<b>Current tax charge</b>	<b>-</b>	<b>-</b>

The Company is part of a UK Real Estate Investment Trust (REIT) and is subject to taxation as such. As a result, the Company does not pay United Kingdom corporation tax on the profits and gains from its qualifying rental business in the United Kingdom provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

The Finance Bill 2021 was substantively enacted in May 2021 which increases the main rate of corporation tax from 19% to 25% from 1 April 2023.

The Company does not have any unrecognised deferred tax assets at 31 December 2020 in respect of tax losses carried forward (March 2020: £nil).

**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Notes to the financial statements (continued)****10. Debtors**

	<b>31 December 2020</b>	Unaudited <b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Amounts due from group undertakings	7,588	-
Trade debtors	543	431
Other debtors	440	-
Prepayments	-	149
Other taxes	542	-
	<b>9,113</b>	<b>580</b>

Amounts due from group undertakings are unsecured, interest free and are repayable on demand. Amounts due from Group undertakings are due from Elephant and Castle Properties Co. Limited, in relation to demolition costs incurred by the Company on their behalf.

**11. Creditors: amounts falling due within one year**

	<b>31 December 2020</b>	Unaudited <b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Amounts due to group undertakings	7,236	1,520
Trade payables	790	26
Other payables	118	671
Other taxes	-	121
Accruals	8	197
	<b>8,152</b>	<b>2,535</b>

Amounts due to group undertakings are unsecured, interest free and are repayable on demand. Amounts due to group undertakings are due to Elephant & Castle Development UK Limited in relation to costs incurred on behalf of the Company and to Elephant and Castle Properties Co. Limited in relation to funding received for operations.

**12. Loans and borrowings**

	<b>31 December 2020</b>	Unaudited <b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Intercompany loan due to group undertakings - interest free	2,225	-
	<b>2,225</b>	<b>-</b>

The Company drew down an interest free intercompany loan from its parent company, Elephant and Castle Properties Co. Limited. The interest free loan from parent is an interest free term loan repayable in July 2026, the drawdowns of which have been fair valued at the net present value of future cash flows, using the market rate of interest at the date of the drawdown, being 10%. The total loan principal as at the balance sheet date is £3.4m, with £2.1m recognised on drawdown as a loan payable and £1.3m as an other equity contribution. The loan payable balance of £2.2m includes £0.1m of rolled up finance expense (see note 8).

**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Notes to the financial statements (continued)****13. Share capital**

	<b>31 December 2020</b>	Unaudited 31 March 2020
	£	£
<b>Allotted, called up share capital</b>		
1 ordinary shares of £1 par value	<b>1</b>	<b>1</b>

Holders of Ordinary shares are entitled to one vote per share. The Company is authorised to issue unlimited shares.

**14. Other equity reserve**

	<b>31 December 2020</b>	Unaudited 31 March 2020
	£000	£000
Other equity reserve	1,288	-
<b>As at 31 December 2020</b>	<b>1,288</b>	<b>-</b>

The other equity reserves balance of £1.3m recognised during the period was a result of the fair value adjustment made to the interest free intercompany loan due to Elephant and Castle Properties Co. Limited.

**15. Related party disclosures**

The Company's immediate and ultimate parent undertakings were Elephant and Castle Properties Co. Limited and Get Living PLC respectively.

At 31 December 2020, Get Living PLC was jointly controlled as follows:

- (i) By DOOR SLP, a limited partnership registered and incorporated in Jersey;
- (ii) By QD UK Holdings LP, a limited partnership registered and incorporated in Scotland; and
- (iii) By Stichting Depositary APG Strategic Real Estate Pool, a pension fund asset manager based in the Netherlands.

Get Living PLC is the smallest group to consolidate these financial statements.

Transactions between the Company and its group entities are summarised in notes 8, 10, 11, 12 and 14.

**16. Capital commitments**

There were no commitments as at 31 December 2020 (March 2020: nil).

**17. Contingent liabilities**

The Company has contingent liabilities arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities (March 2020: nil).

**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Notes to the financial statements (continued)****18. Subsequent events**

There have been no events or conditions since the balance sheet date that indicate any adjustment would be required to the financial statements.

**19. Impact of transition to FRS 101**

For all periods up to and including the year ended 31 March 2020, the Company prepared its financial statements under FRS 102. These financial statements, for the period ended 31 December 2020, are the first the Company has prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and the Company has restated the comparative year ended 31 March 2020 balances in accordance with FRS 101.

Accordingly, the Company has prepared financial statements which comply with FRS 101 for period beginning on or after 1 April 2019 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance as at 1 April 2020, the date the Company transitioned to FRS 101, and made those changes in accounting policies or other restatements required for the first-time adoption of FRS 101, including the restatements of the comparative balances to be presented in accordance with FRS 101. As such this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 April 2019 prepared under previously FRS 102 and its previously published FRS 102 financial statements for the year ended 31 March 2020.

In adopting FRS 101, the Company has adopted IFRS 16 from 1 April 2020 and has recognised no adjustments on adoption of this new standard.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards". There were no adjustments made as a result of the transition from FRS 102 to FRS 101.

**Reconciliation of equity as at 1 April 2019**

	<b>FRS 102</b>	<b>Transition adjustments</b>	<b>FRS 101</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Non-current assets	-	-	-
Current assets	1,029	-	1,029
Current liabilities	(2,125)	-	(2,125)
Non-current liabilities	-	-	-
<b>Net liabilities</b>	<b>(1,096)</b>	<b>-</b>	<b>(1,096)</b>
Share capital	-	-	-
Other equity reserves	-	-	-
Retained earnings	(1,096)	-	(1,096)
<b>Total shareholders deficit</b>	<b>(1,096)</b>	<b>-</b>	<b>(1,096)</b>

**ELEPHANT AND CASTLE PROPERTIES LIMITED***Annual report and financial statements for the 9 months ended 31 December 2020***Notes to the financial statements (continued)****19. Impact of transition to FRS 101 (continued)****Reconciliation of equity as at 31 March 2020**

	FRS 102	Transition adjustments	FRS 101
	£000	£000	£000
Non-current assets	-	-	-
Current assets	580	-	580
Current liabilities	(2,535)	-	(2,535)
Non-current liabilities	-	-	-
<b>Net liabilities</b>	<b>(1,955)</b>	<b>-</b>	<b>(1,955)</b>
Share capital	-	-	-
Other equity reserves	-	-	-
Retained earnings	(1,955)	-	(1,955)
<b>Total shareholders deficit</b>	<b>(1,955)</b>	<b>-</b>	<b>(1,955)</b>

	FRS 102	Transition adjustments	FRS 101
	£000	£000	£000
Revenue	-	-	-
Direct property costs	5	-	5
<b>Gross profit</b>	<b>5</b>	<b>-</b>	<b>5</b>
Administrative expenses	(865)	-	(865)
<b>Operating loss</b>	<b>(860)</b>	<b>-</b>	<b>(860)</b>
Interest receivable and similar income	1	-	1
<b>Loss on ordinary activities before taxation</b>	<b>(859)</b>	<b>-</b>	<b>(859)</b>
Taxation	-	-	-
<b>Loss for the year</b>	<b>(859)</b>	<b>-</b>	<b>(859)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>(859)</b>	<b>-</b>	<b>(859)</b>