

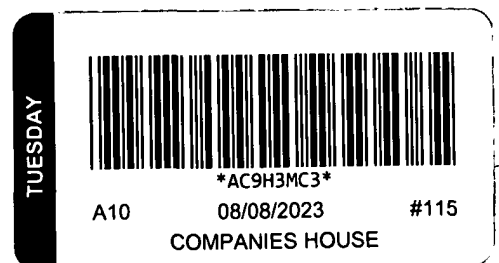
## **Blenheim Estates Properties Limited**

Directors' Report and Financial Statements

15 months period ended

31 March 2023

Company Number 05090932



# Blenheim Estates Properties Limited

## Company Information

---

<b>Directors</b>	D M Hare H R Carter R L File I C Fernandes
<b>Company secretary</b>	S J Spare
<b>Registered number</b>	05090932
<b>Registered office</b>	The Estate Office Blenheim Palace Woodstock Oxfordshire OX20 1PP
<b>Independent auditors</b>	BDO LLP Two Snowhill Birmingham B4 6GA
<b>Bankers</b>	Barclays Bank plc 6th Floor One Snowhill Snow Hill Queensway Birmingham B4 6GN
<b>Solicitors</b>	Withers LLP 20 Old Bailey London EC4M 7AN

# **Blenheim Estates Properties Limited**

## **Contents**

---

	<b>Page</b>
<b>Directors' Report</b>	<b>1 - 3</b>
<b>Independent Auditor's Report</b>	<b>4 - 7</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Statement of Financial Position</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11 - 20</b>

# **Blenheim Estates Properties Limited**

## **Directors' Report For the Period Ended 31 March 2023**

---

The Directors present their report and the financial statements for the period ended 31 March 2023.

### **Principal activity**

The principal activity of the Company is the management of residential and commercial letting properties and related investments.

### **Results**

The profit for the period, after taxation, amounted to £828,229 (2021 - £504,523).

### **Directors**

The Directors who served during the period and up until the date of approval of this report were:

D M Hare  
H R Carter  
R L File  
I C Fernandes (appointed 26 May 2023)

### **Directors' responsibilities statement**

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 elected to prepare the 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 these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for 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 to 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.

### **Qualifying third party indemnity provisions**

During the period the Company maintained liability insurance for its Directors and officers. The provision, which is a qualifying third party indemnity provision as defined by section 233 of the Companies Act 2006, was in force throughout the period and is currently in force.

# Blenheim Estates Properties Limited

## Directors' Report (continued) For the Period Ended 31 March 2023

---

### Going concern

We have continued to closely monitor the business and conduct regular reforecasts to ensure that our cash flow is secure. The Company relies on funding from Blenheim Finance Limited, a fellow subsidiary of the Company's parent, Vanbrugh Unit Trust, which in turn is funded by loan notes issued to third party Note Holders, for which Blenheim Estate Properties Limited is a cross-guarantor. Blenheim Finance Limited has issued a letter of financial support to the Company for 12 months from the date of approval of these financial statements.

A portion of the loan notes carry a variable rate of interest linked to the Retail Price Index (RPI) which, since the second half of 2021, has been significantly higher than at any point in recent decades. The Group has conducted a thorough reforecast of its businesses, including sensitivity analysis for a range of RPI rates up to and beyond those forecast by the Office of Budget Responsibility (OBR) to ensure it is able to maintain compliance with its covenants throughout the period to September 2024 (at September 2023 and March and September 2024).

We are confident of not breaching our interest cover covenant with Note Holders for future reporting periods based on existing OBR RPI projections.

However, our sensitivity analysis indicates that if, contrary to OBR projections which suggest RPI will fall back to 4.1% by March 2024, RPI increases to 13.0% at any of the September 2023, March or September 2024 reporting points then we would forecast a further breach in covenant compliance that would require a further relaxation of the interest cover covenant from the Note Holders. This potential increase in RPI could be possible given the economic environment of the United Kingdom in 2023 and this represents a significant uncertainty that the Directors cannot control or influence.

In conclusion, we recognise the Company's reliance on financial support from Blenheim Finance Limited to continue its operations, which is not legally binding and repayable on demand, and that the uncertainty of forecast RPI could cause a further breach in the interest cover covenant during the going concern period to September 2024. If this was to happen, another covenant waiver or covenant relaxation from the Note Holders would be required. In the absence of any waiver or covenant relaxation, the Note Holders have the option to declare the outstanding loan balance to be immediately due and payable. These events or conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to settle its debts and realise its assets in the normal course of business. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

Whilst the material uncertainty exists, we feel that there is a positive relationship with Note Holders, as demonstrated with the relaxation of the interest cover covenant for June 2022 and believe that we would be able to obtain a further relaxation if it was necessary in September 2023 or March 2024. In addition, the interest cover covenant is based upon, in part, the RPI linked interest which is not due to be paid in cash until the end of the bond agreement. It is therefore a non-cash measurement which does not directly impact the day-to-day cash requirements of the Company. The Company has forecast a strong trading and cashflow performance to September 2024 and that is why we, as Directors, have prepared the financial statements on a going concern basis.

### Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# Blenheim Estates Properties Limited

## Directors' Report (continued) For the Period Ended 31 March 2023

---

### Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D M Hare', with a large, stylized initial 'D'.

**D M Hare**  
Director

Date: 28 July 2023

# **Blenheim Estates Properties Limited**

## **Independent Auditor's Report to the Members of Blenheim Estates Properties Limited**

---

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its result 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.

We have audited the financial statements of Blenheim Estate Properties Limited ("the Company") for the 15 month period ended 31 March 2023 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### **Material uncertainty related to going concern**

We draw attention to note 2.3 to the financial statements, which refers to the Directors' going concern assessment and, in particular, that further rises in the Retail Price Index (RPI) could affect the wider group's loan notes covenant compliance. As stated in the note, if RPI increases to 13.0% at either of the September 2023, March 2024 or September 2024 reporting points then the Directors forecast a breach in covenant compliance. In the absence of any waiver or covenant relaxation, the Note Holders have the option to declare the outstanding loan balance to be immediately due and payable.

In addition, as disclosed in note 2.3, this entity is reliant on support provided by Blenheim Finance Limited in order to meet its liabilities as they fall due. This support is not legally binding and is repayable on demand.

As disclosed in note 2.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

# **Blenheim Estates Properties Limited**

## **Independent Auditor's Report to the Members of Blenheim Estates Properties Limited (continued)**

---

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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.

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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other Companies Act 2006 reporting**

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.

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; or
- 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, 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.



# Blenheim Estates Properties Limited

## Independent Auditor's Report to the Members of Blenheim Estates Properties Limited (continued)

---

### 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.

### *Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We made enquiries of management, and the Board, including:
  - how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
  - their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Companies Act 2006, UK Generally Accepted Accounting Practice, and tax legislation.
- In addition, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, health and safety laws and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.
- We also communicated relevant identified laws and regulations, potential fraud risks and that fact that there were no known matters of significant non-compliance with laws and regulations, to all engagement team members including internal specialists audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

### *Audit response to risks identified*

- The Senior Statutory Auditor has assessed and concluded that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulation.
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Board and management;
- We read minutes of meetings of those charged with governance, and reviewed correspondence with HMRC;

# Blenheim Estates Properties Limited

## Independent Auditor's Report to the Members of Blenheim Estates Properties Limited (continued)

---

### Auditor's responsibilities for the audit of the financial statements (continued)

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business;
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the fair value of investment properties and recoverability of intercompany balances; and
- We compared the result of estimates made in prior years and ensured that the basis of estimation was reasonable and did not lead to material differences to actuals.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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:

*Kyla Bellingall*

A11A16013DD84AC...

**Kyla Bellingall** (Senior Statutory Auditor)  
For and on behalf of **BDO LLP**, Statutory Auditor  
Birmingham  
United Kingdom

Date: 28 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Blenheim Estates Properties Limited

## Statement of Comprehensive Income For the Period Ended 31 March 2023

	Note	15 months ended 31 March 2023 £	Year ended 31 December 2021 £
Turnover	4	607,406	412,129
Administrative expenses		(176,631)	(84,383)
Revaluation of investment properties		921,805	588,812
<b>Operating profit</b>		<b>1,352,580</b>	<b>916,558</b>
Interest payable and similar expenses	7	(293,900)	(179,284)
<b>Profit before tax</b>		<b>1,058,680</b>	<b>737,274</b>
Tax on profit	8	(230,451)	(232,751)
<b>Profit for the financial period</b>		<b>828,229</b>	<b>504,523</b>

There was no other comprehensive income for 2023 (2021 - £Nil).

All amounts relate to continuing operations.

The notes on pages 11 to 20 form part of these financial statements.


**Blenheim Estates Properties Limited**  
Registered number:05090932

**Statement of Financial Position**  
**As at 31 March 2023**

	Note	31 March 2023 £	31 March 2023 £	31 December 2021 £	31 December 2021 £
<b>Fixed assets</b>					
Investment property	9		11,274,750		8,307,500
<b>Current assets</b>					
Debtors: amounts falling due within one year	10	576,352		4,610	
Cash at bank and in hand		9,617		63,124	
		<u>585,969</u>		<u>67,734</u>	
Creditors: amounts falling due within one year	11	(6,075,425)		(3,648,620)	
<b>Net current liabilities</b>			<u>(5,489,456)</u>		<u>(3,580,886)</u>
<b>Total assets less current liabilities</b>			<u>5,785,294</u>		<u>4,726,614</u>
<b>Provisions for liabilities</b>					
Deferred tax	12		(763,657)		(533,206)
<b>Net assets</b>			<u><u>5,021,637</u></u>		<u><u>4,193,408</u></u>
<b>Capital and reserves</b>					
Called up share capital	13		1		1
Revaluation reserve			3,432,515		2,741,162
Profit and loss account			1,589,121		1,452,245
			<u><u>5,021,637</u></u>		<u><u>4,193,408</u></u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**D M Hare**  
Director

Date: 28 July 2023

The notes on pages 11 to 20 form part of these financial statements.

# Blenheim Estates Properties Limited

## Statement of Changes in Equity For the Period Ended 31 March 2023

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	1	2,741,162	1,452,245	4,193,408
<b>Comprehensive income for the year</b>				
Profit for the period	-	-	828,229	828,229
<b>Total comprehensive income for the period</b>	-	-	828,229	828,229
Transfer revaluation movement net of deferred tax	-	691,353	(691,353)	-
<b>At 31 March 2023</b>	<b>1</b>	<b>3,432,515</b>	<b>1,589,121</b>	<b>5,021,637</b>

## Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	1	2,392,194	1,296,690	3,688,885
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	504,523	504,523
<b>Total comprehensive income for the year</b>	-	-	504,523	504,523
Transfer revaluation movement net of deferred tax	-	348,968	(348,968)	-
<b>At 31 December 2021</b>	<b>1</b>	<b>2,741,162</b>	<b>1,452,245</b>	<b>4,193,408</b>

The notes on pages 11 to 20 form part of these financial statements.

# Blenheim Estates Properties Limited

## Notes to the Financial Statements For the Period Ended 31 March 2023

---

### 1. General information

Blenheim Estates Properties Limited is a private limited company incorporated with share capital in England under the Companies Act 2006. The address of the registered office is shown on the Company Information page and the nature of the Company's principal activity is shown in the Directors' Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements have been prepared over an extended period of 15 months.

The following principal accounting policies have been applied consistently:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows; and
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d)

#### 2.3 Going concern

The financial statements have been prepared on a going concern basis.

In assessing going concern, the Directors have forecast the financial position and cashflows of the Company and the financial position, cashflows and ability to comply with debt covenants for the Group headed by the Company's parent, Vanbrugh Unit Trust, to September 2024.

We have continued to closely monitor the business and conduct regular reforecasts to ensure that our cash flow is secure. The Company relies on funding from Blenheim Finance Limited, a fellow subsidiary of the Company's parent, Vanbrugh Unit Trust, which in turn is funded by loan notes issued to third party Note Holders, for which Blenheim Estate Properties Limited is a cross-guarantor. Blenheim Finance Limited has issued a letter of financial support to the Company for 12 months from the date of approval of these financial statements.

A portion of the loan notes carry a variable rate of interest linked to the Retail Price Index (RPI) which, since the second half of 2021, has been significantly higher than at any point in recent decades. The Group has conducted a thorough reforecast of its businesses, including sensitivity analysis for a range of RPI rates up to and beyond those forecast by the Office of Budget Responsibility (OBR) to ensure it is able to maintain compliance with its covenants throughout the period to September 2024 (at September 2023 and March and September 2024).

# **Blenheim Estates Properties Limited**

## **Notes to the Financial Statements For the Period Ended 31 March 2023**

---

### **2. Accounting policies (continued)**

#### **2.3 Going concern (continued)**

We are confident of not breaching our interest cover covenant with Note Holders for future reporting periods based on existing OBR RPI projections.

However, our sensitivity analysis indicates that if, contrary to OBR projections which suggest RPI will fall back to 4.1% by March 2024, RPI increases to 13.0% at any of the September 2023, March or September 2024 reporting points then we would forecast a further breach in covenant compliance that would require a further relaxation of the interest cover covenant from the Note Holders. This potential increase in RPI could be possible given the economic environment of the United Kingdom in 2023 and this represents a significant uncertainty that the Directors cannot control or influence.

In conclusion, we recognise the Company's reliance on financial support from Blenheim Finance Limited to continue its operations, which is not legally binding and repayable on demand, and that the uncertainty of forecast RPI could cause a further breach in the interest cover covenant during the going concern period to September 2024. If this was to happen, another covenant waiver or covenant relaxation from the Note Holders would be required. In the absence of any waiver or covenant relaxation, the Note Holders have the option to declare the outstanding loan balance to be immediately due and payable. These events or conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to settle its debts and realise its assets in the normal course of business. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

Whilst the material uncertainty exists, we feel that there is a positive relationship with Note Holders, as demonstrated with the relaxation of the interest cover covenant for June 2022 and believe that we would be able to obtain a further relaxation if it was necessary in September 2023 or March 2024. In addition, the interest cover covenant is based upon, in part, the RPI linked interest which is not due to be paid in cash until the end of the bond agreement. It is therefore a non-cash measurement which does not directly impact the day-to-day cash requirements of the Company. The Company has forecast a strong trading and cashflow performance to September 2024 and that is why we, as Directors, have prepared the financial statements on a going concern basis.

#### **2.4 Turnover**

Turnover in respect of rental income is recognised on a straight line basis over the period in which the property is leased. Any lease incentives are spread over the term of the lease.

#### **2.5 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# **Blenheim Estates Properties Limited**

## **Notes to the Financial Statements For the Period Ended 31 March 2023**

---

### **2. Accounting policies (continued)**

#### **2.6 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### **2.7 Investment property**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

#### **2.8 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **2.9 Cash at bank and in hand**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

#### **2.10 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **2.11 Financial instruments**

The Company has financial instruments of a kind that qualify as basic financial instruments which are recognised at transaction value initially and subsequently at their settlement value.



# Blenheim Estates Properties Limited

## Notes to the Financial Statements For the Period Ended 31 March 2023

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

#### A. Valuation of Investment Properties

Management instruct an independent valuation expert to assess the open market value of the investment properties at each reporting date. The future realisation of these amounts may be affected by future changes in the market condition.

#### B. Deferred tax liability

Deferred tax arises on the indexation gain of the property against valuation and base cost.

### 4. Turnover

All turnover consists of rental income and arose within the United Kingdom.

### 5. Auditor's remuneration

During the period, the Company obtained the following services from the Company's auditors:

	15 months ended 31 March 2023 £	Year ended 31 December 2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	12,250	7,000
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	2,575	2,275
All other assurance services	1,585	1,435
	<b>4,160</b>	<b>3,710</b>

### 6. Employees

The Company has no employees other than the Directors, who did not receive any remuneration during the period (2021 - £Nil).

# Blenheim Estates Properties Limited

## Notes to the Financial Statements For the Period Ended 31 March 2023

---

### 7. Interest payable and similar expenses

	15 months ended 31 March 2023 £	Year ended 31 December 2021 £
Loan interest payable to group entities	293,546	179,016
Bank charges	354	268
	<u>293,900</u>	<u>179,284</u>

# Blenheim Estates Properties Limited

## Notes to the Financial Statements For the Period Ended 31 March 2023

### 8. Taxation

	15 months ended 31 March 2023 £	Year ended 31 December 2021 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(7,093)
<b>Total current tax</b>	-	(7,093)
<b>Deferred tax</b>		
Origination and reversal of timing differences	230,451	111,875
Changes to tax rates	-	127,969
<b>Total deferred tax</b>	230,451	239,844
<b>Taxation on profit on ordinary activities</b>	<b>230,451</b>	<b>232,751</b>

#### Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	15 months ended 31 March 2023 £	Year ended 31 December 2021 £
Profit on ordinary activities before tax	1,058,680	737,274
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	201,149	140,082
<b>Effects of:</b>		
Expenses not deductible for tax purposes	547	-
Group relief claimed	(26,554)	(28,207)
Adjustments to tax charge in respect of prior periods	-	(7,093)
Remeasurement of deferred tax for changes in tax rates	55,309	127,969
<b>Total tax charge for the period/year</b>	<b>230,451</b>	<b>232,751</b>

# Blenheim Estates Properties Limited

## Notes to the Financial Statements For the Period Ended 31 March 2023

### 8. Taxation (continued)

#### Factors that may affect future tax charges

The corporation tax is calculated at 19% (2021 – 19%) of the estimated assessable profit for the year. The government announced on 3 March 2021 that the UK corporation tax rate will increase to 25% from 1 April 2023. This was substantively enacted on 24 May 2021.

### 9. Investment property

	Investment property £
<b>Valuation</b>	
At 1 January 2022	8,307,500
Additions at cost	2,607,445
Disposals	(562,000)
Surplus on revaluation	921,805
<b>At 31 March 2023</b>	<b>11,274,750</b>

The 2023 valuations were made by Carter Jonas LLP, Chartered Surveyors, on an open market value for existing use basis.

If the investment properties had not been revalued, they would have been included on the historical cost basis at £7,078,577 (2021 - £5,033,132).

### 10. Debtors

	31 March 2023 £	31 December 2021 £
Trade debtors	3	1,517
Amounts owed by related parties	568,150	2,677
Other debtors	8,199	416
	<b>576,352</b>	<b>4,610</b>

# Blenheim Estates Properties Limited

## Notes to the Financial Statements For the Period Ended 31 March 2023

### 11. Creditors: Amounts falling due within one year

	31 March 2023 £	31 December 2021 £
Trade creditors	15,884	14,757
Amounts owed to related parties	6,027,005	3,590,583
Other creditors including deposits	15,935	14,063
Accruals and deferred income	16,601	29,217
	<u>6,075,425</u>	<u>3,648,620</u>

### 12. Deferred taxation

	31 March 2023 £	31 December 2021 £
At beginning of period	(533,206)	(293,362)
Movement in the period	(230,451)	(239,844)
<b>At end of period</b>	<u><b>(763,657)</b></u>	<u><b>(533,206)</b></u>

The provision for deferred taxation is made up as follows:

	31 March 2023 £	31 December 2021 £
Revaluation on investment properties	<u>(763,657)</u>	<u>(533,206)</u>

# Blenheim Estates Properties Limited

## Notes to the Financial Statements For the Period Ended 31 March 2023

### 13. Share capital

	31 March 2023 £	31 December 2021 £
<b>Authorised</b>		
10,000 Ordinary shares of £1 each	10,000	10,000
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1

### 14. Contingent liabilities

The Company did not identify any contingent liabilities as at 31 March 2023 or 31 December 2021.

The Company is party to a cross guarantee with respect to the bank borrowings of its fellow group undertakings. At 31 March 2023 the potential liability with respect to this guarantee amounted to £150,000,000 (2021 - £120,000,000).

# Blenheim Estates Properties Limited

## Notes to the Financial Statements For the Period Ended 31 March 2023

### 15. Related party transactions

Blenheim Estates Properties Limited is one entity within the Blenheim Estate. In some instances invoices are received into one company incorrectly and are recharged when settled. Such instances are not included in the transactions below but are within the period end balances. Intercompany is net across the whole estate with Blenheim Agency Limited with the exception of funds on loan from Blenheim Finance Limited.

Blenheim Finance Limited acts as a central funding facility for the whole Blenheim Estate. Companies within the Blenheim Estate draw down funds when required. Blenheim Estate Homes Limited repaid £1,402,126 (2021 - £926,998) of funds and drew down £3,545,294 (2021 - £1,058,579) in the period. Blenheim Finance Limited charged interest to the company of £293,254 (2021 - £179,016).

Amounts owed to Vanbrugh Unit Trust (VUT) are for invoices paid by VUT for the build of the affordable units and have been settled via intercompany.

Amounts owed by Blenheim Agency Limited is the net impact of all intercompany invoices across the Estate.

During the year the company purchased investment properties from Vanbrugh Homes Construction Limited for £2,586,251 (2021 - £1,036,624). No amounts were outstanding at the period end.

The following amounts were owed to/(owed from) the Company, by entities under common control at the period end:

	31 March 2023	31 December 2021
	£	£
Vanbrugh Unit Trust	568,150	2,677
Blenheim Agency Limited	-	-
Blenheim Finance Limited	(6,027,005)	(3,590,583)
Blenheim Palace Heritage Foundation	-	-

### 16. Ultimate parent undertaking and controlling party

Barrough Limited is the 100% parent of Blenheim Estates Properties Limited.

Barrough Limited is 100% owned by Vanbrugh Unit Trust. Vanbrugh Unit Trust is registered at the same address as Blenheim Estates Properties Limited.

The entity's ultimate controlling parties are Lord Edward Albert Spencer-Churchill, Mr Alexander Pepys Muir, Mr Richard Jessel and Mr Christopher Groves as trustees of Marlborough 2003 settlement, which owns 100% of Vanbrugh Trustees Limited and Vanbrugh Trustees No 2 Limited, which are the trustees of Vanbrugh Unit Trust.