

Registered number
08215014

Tilstone Chesterfield Limited
Annual Report and Financial Statements
for the year ended 31 March 2023

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Tilstone Chesterfield Limited
Annual Report and Financial Statements
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Tilstone Chesterfield Limited
Company Information

Directors

Andrew Bird
Neil Kirtton
Aimée Pitman

Secretary

Link Company Matters Limited
6th Floor
65 Gresham Street
London
EC2V 7NQ

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Solicitors

Reed Smith LLP
Broadgate Tower
20 Primrose Street
London
EC2A 2RS

Temple Bright LLP
81 Rivington Street
London
EC2A 3AY

Osborne Clarke LLP
One London Wall
London
EC2Y 5EB

Investment Advisor

Tilstone Partners Limited
Gorse Stacks House
George Street
Chester
CH1 3EQ

Registered office

Link Company Matters Limited
6th Floor
65 Gresham Street
London
EC2V 7NQ

Property Manager

Savills Plc
33 Margaret Street
London
W1G 0JD

Administrator

Link Alternative Fund Administrators Limited
Broadwalk House
Southernhay West
Exeter
EX1 1TS

Tilstone Chesterfield Limited
Registered number: 08215014
Directors' Report

The Directors present their Annual Report and Financial Statements for the year ended 31 March 2023.

As at 31 March 2023, the Company was a wholly-owned subsidiary of Tilstone Industrial Limited (the "Parent Company"), whose ultimate parent is Warehouse REIT plc (the "Ultimate Parent Company"). The Company is part of a group which consists of the Ultimate Parent Company and its subsidiaries (together, the "Group"). Refer to note 1.1 for further details including changes in the year.

Strategic report

The Directors have taken advantage of the exemptions allowed under Section 414B of the Companies Act 2006 and have not prepared a strategic report.

Principal activities

The Company's principal activity during the year was the rental of property.

Results and dividends

The loss for the year amounted to £21,639,878 (31 March 2022: profit of £8,836,776). The Directors did not recommend a dividend in respect of the year (2022: nil). Any loss for the year is to be transferred to reserves.

Future developments

The Directors expect the activity in the coming year to be largely consistent with the current year as the Company continues in its principal activity being the rental of properties.

Financial risk management objectives and policies

The Company is exposed to market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks which are summarised below:

- **Market risk**

The Group's activities expose it primarily to the financial risks of changes in interest rates.

Market risk is managed at a Group level. Refer to page 131 of the Warehouse REIT plc 2023 Annual Report and accounts for further details of the Group's policy on management of market risk.

- **Credit risk**

Credit risk is the risk that a counterparty or tenant will cause a financial loss to the Company by failing to meet a commitment it has entered into with the Company.

The Investment Advisor monitors the tenant arrears in order to anticipate and minimise the impact of defaults by occupational tenants.

All cash deposits are placed with an approved counterparty, HSBC Bank plc.

- **Liquidity risk**

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits.

Events after the balance sheet date

Refer to note 15.

Directors

The following persons served as Directors for the year ended 31 March 2023 and up to the date these Financial Statements were approved:

Andrew Bird
Neil Kirton
Aimée Pitman

Directors indemnities

The Board has formal arrangements for the Directors, in the furtherance of their duties, to take independent professional advice at the Company's expense. The Ultimate Parent Company has also taken out a Directors' and Officers' Liability insurance policy, which includes cover for legal expenses. This is a qualifying third party indemnity provision per S236 (2) (3) of the Companies Act 2006.

Tilstone Chesterfield Limited
Directors' Report (continued)

Going concern

The Directors have considered the letter of support received from the parent, and the resilience of the wider Warehouse REIT plc Group as part of the going concern assessment. The assessment supports the ability of the Company to continue as a going concern and thus, the Financial Statements have been prepared on a going concern basis and, in the opinion of the Directors, there are no material uncertainties surrounding the going concern of the Company. Further details regarding the adoption of the going concern basis can be found in note 1.3 in the Financial Statements.

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 Practices (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 year/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; 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.

We confirm that to the best of our knowledge:

- 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 and the undertakings included in the consolidation taken as a whole; and
- the Annual Report and 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, business model and strategy.

Auditor

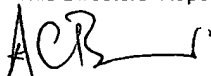
Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

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

Appointment of auditors

The Auditor for the year was BDO LLP, who have expressed their willingness to remain as Auditor of the Company.

This Directors' Report was approved by the Board of Directors on 29 September 2023 and is signed on its behalf by:



Andrew Bird
6th Floor
65 Gresham Street
London
EC2V 7NQ

Tilstone Chesterfield Limited
Independent Auditor's Report
to the members of Tilstone Chesterfield 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 loss for the year 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 Tilstone Chesterfield Limited ("the Company") for the year ended 31 March 2023 which comprise the 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 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 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.

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 at least twelve 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual 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.

**Independent Auditor's Report
to the members of Tilstone Chesterfield Limited (continued)**

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 year 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 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 Statement of Directors' Responsibilities, 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.

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

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.
- We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including UK company law, the applicable accounting framework and tax legislation (including the UK REIT regime requirements), and we considered the extent to which non-compliance might have a material effect on the financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and accounting policies to identify instances of management bias, and agreeing to underlying supporting documentation where necessary. We reviewed minutes of Board meetings held during and subsequent to the year for any indicators of non-compliance and made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof.

**Independent Auditor's Report
to the members of Tilstone Chesterfield Limited (continued)**

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

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

- We addressed the risk of management override of internal controls, including testing journals processed during the year and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud. This included evaluating any management bias within the valuation of investment property which we consider is the greatest risk of management manipulation. The valuations were agreed directly to external valuations.
- The fraud risk around revenue recognition was addressed by inspecting signed lease agreements to recalculate the annual turnover, and agreeing cash receipts to bank statement to check customers exist and that the management information did agree for a sample of tenants.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The engagement partner has assessed and confirmed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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:

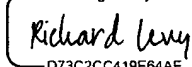
<https://www.frc.org.uk/auditorsresponsibilities>.

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:



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Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date 29 September 2023

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

Tilstone Chesterfield Limited
Statement of Comprehensive Income
for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £	Year ended to 31 March 2022 £
Revenue	3	2,575,727	2,592,059
Property operating expenses		(64,964)	(64,804)
Administrative and other expenses	4	(493,960)	(121,778)
Operating profit before changes in fair value of investment property		2,016,803	2,405,477
Changes in fair value of investment property	8	(22,810,000)	6,554,442
Operating (loss)/profit		(20,793,197)	8,959,919
Finance income	5	430	-
Finance expense	6	(847,111)	(123,143)
(Loss)/profit before taxation		(21,639,878)	8,836,776
Tax charge on (loss)/profit	7	-	-
Total comprehensive (loss)/income (attributable to the shareholders)		(21,639,878)	8,836,776

All amounts included in the Statement of Comprehensive Income relate to continuing activities.
There are no items of comprehensive income other than the (loss)/profit for the financial year.

Notes 1 - 17 form part of these Financial Statements.

Tilstone Chesterfield Limited
Statement of Financial Position
as at 31 March 2023
Company Number 08215014

	Notes	31 March 2023	31 March 2022
		£	£
Non-current assets			
Investment property	8	51,500,000	74,310,000
Intercompany receivables	9	3,147,886	2,696,662
Total non-current assets		<u>54,647,886</u>	<u>77,006,662</u>
Current assets			
Trade and other receivables	9	37,545	187,545
Cash and cash equivalents	10	161,873	193,714
Total current assets		<u>199,418</u>	<u>381,259</u>
Total assets		<u>54,847,304</u>	<u>77,387,921</u>
Current liabilities			
Trade and other payables	11	(312,038)	(1,212,777)
Total current liabilities		<u>(312,038)</u>	<u>(1,212,777)</u>
Net current liabilities		<u>(112,620)</u>	<u>(831,518)</u>
Total liabilities		<u>(312,038)</u>	<u>(1,212,777)</u>
Net assets		<u>54,535,266</u>	<u>76,175,144</u>
Capital and reserves			
Called up share capital	12	15,000,001	15,000,001
Capital contribution reserve	13	20,743,332	20,743,332
Retained earnings	14	18,791,933	40,431,811
Total equity		<u>54,535,266</u>	<u>76,175,144</u>

The Financial Statements of Tilstone Chesterfield Limited were approved and authorised for issue by the Board of Directors on 29 September 2023 and signed on its behalf by:



Andrew Bird

Notes 1 - 17 form part of these Financial Statements.

Tilstone Chesterfield Limited
Statement of Changes in Equity
for the year ended 31 March 2023

	Share capital	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£
At 1 April 2021	15,000,001	20,743,332	31,595,035	67,338,368
Total comprehensive income	-	-	8,836,776	8,836,776
At 1 April 2022	15,000,001	20,743,332	40,431,811	76,175,144
Total comprehensive loss	-	-	(21,639,878)	(21,639,878)
At 31 March 2023	15,000,001	20,743,332	18,791,933	54,535,266

Notes 1 - 17 form part of these Financial Statements.

Tilstone Chesterfield Limited
Notes to the Financial Statements
for the year ended 31 March 2023

1 Summary of significant accounting policies

1.1 General information

Tilstone Chesterfield Limited (the "Company") is a private company limited by shares, incorporated under the Companies Act 2006 and domiciled in the UK and registered in England and Wales. The address for the registered office is 65 Gresham Street, London, EC2V 7NQ. The Company's principal activity is the rental of properties. The Company is owned by Tilstone Industrial Limited and its ultimate parent company is Warehouse REIT plc.

These Financial Statements are contained within the group consolidated Financial Statements of Warehouse REIT plc. This is the only set of Financial Statements the results of the Company are consolidated in to. The Group consolidated Financial Statements of Warehouse REIT Plc may be obtained from the Company Secretary at 65 Gresham Street, London, EC2V 7NQ and on the Company's website <https://www.warehousereit.co.uk>.

1.2 Basis of preparation

These Financial Statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which have been measured at fair value through the Statement of Comprehensive Income, and in accordance with the Companies Act 2006.

The Financial Statements are prepared on a going concern basis.

As permitted by FRS 101 the Company has taken advantage of the following disclosure exemptions as the equivalent disclosures are contained within the Group consolidated financial statements of Warehouse REIT plc:

- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- disclosure of related party transactions with other wholly owned members of the Warehouse REIT plc Group of companies;
- the disclosure of certain information relating to financial instruments and other fair value measurements; and
- the disclosure of certain comparative information relating to investment properties.

These Financial Statements have been prepared in Sterling, which is the functional currency of the Company.

1.3 Going concern

As at 31 March 2023 the Company had net current liabilities of £112,620 (2022: £831,518). The Company's parent undertaking has confirmed it will provide such support as is required for a period of at least 12 months from the date of signing of these Financial Statements.

The Company is part of the Warehouse REIT plc Group. Cashflow forecasts are prepared, and cashflows managed, on a Group basis.

The Directors have assessed the resilience of the Company over the next 12 months. A range of scenarios have been assessed and further details of the stress testing performed can be found on page 66 of the consolidated accounts of Warehouse REIT plc for the year ended 31 March 2023. The assessment supports the ability of the Company to continue as a going concern and thus, the Directors have a reasonable expectation that the Company has adequate resources to continue in business for a period of at least 12 months from the date of approval of these Financial Statements. The Group has significant headroom available in its loan covenants as well as access to undrawn borrowings. The Directors have obtained a letter of support from the parent, committing to support the Company as required and ensure it has sufficient liquidity to continue trading for at least 12 months from the date of approval of these financial statements. The Company has continued to trade in line with the year ended 31 March 2023 and remains cash generative and profitable. The Directors are also not aware of any material uncertainties that may cast significant doubt upon the Group or this Company's ability to continue as a going concern. They therefore have adopted the going concern basis in the preparation of these Financial Statements.

Tilstone Chesterfield Limited
Notes to the Financial Statements (continued)
for the year ended 31 March 2023

1 Summary of significant accounting policies (continued)

1.4 Investment property

Investment property comprises property held to earn rental income or for capital appreciation or both. Investment properties are recognised upon legal completion of the contract, where costs are reliably measured and future economic benefits that are associated with the property flow to the entity. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of comprehensive income in the period in which they arise under IAS 40 Investment Property.

The valuation of the investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2021 (incorporating the International Valuation Standards). Investment properties are valued by adopting the 'income capitalisation' method of valuation. This approach involves applying capitalisation yields to current and future rental streams, net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observations. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

Investment properties cease to be recognised when they have been disposed of or withdrawn permanently from use and no future economic benefit is expected. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset and are recognised in the statement of comprehensive income in the period in which they arise.

Movements in rent incentives are presented within the total portfolio valuation.

Where an investment property is held under a leasehold interest, the headlease is initially recognised as an asset at cost plus the present value of minimum ground rent payments and is subsequently measured at fair value. The corresponding rental liability to the head leaseholder is included in the balance sheet as a finance lease obligation.

1.5 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade debtors and creditors, loans from the bank and other third parties, loans to and from related parties and investments in non-puttable ordinary shares. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at the transaction price (including transaction costs).

1.6 Trade and other receivables

Rent and other receivables are recognised at their original invoiced value and become due based upon the terms of the underlying lease as at the date of the invoice. The Company carries out an assessment of expected credit losses at each period end, using the simplified approach, where a lifetime expected loss allowance is recognised over the expected life of the financial instrument. Adjustments are recognised in the income statement as an impairment gain or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

1.8 Trade payables

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

Deferred income is rental income received in advance during the accounting period. The income is deferred and is unwound to revenue on a straight-line basis over the period in which it is earned.

Tilstone Chesterfield Limited
Notes to the Financial Statements (continued)
for the year ended 31 March 2023

1 Summary of significant accounting policies (continued)

1.9 Revenue

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the Statement of Comprehensive Income. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Rental income is invoiced in advance and for all rental income that relates to a future period, this is deferred and appears within current liabilities in the Statement of Financial Position.

For leases which contain fixed or minimum uplifts, the rental income arising from such uplifts is recognised on a straight-line basis over the lease term. A rental adjustment is recognised from the rent review date in relation to unsettled rent reviews, once the rental uplifts are agreed.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises.

Insurance income is recognised in the accounting period in which the services are rendered.

1.10 Property operating and administration expenses

All property operating expenses and administration expenses are charged to the Statement of Comprehensive Income and are accounted for on an accruals basis.

1.11 Finance income

Interest income is recognised on an effective interest rate basis and shown within the Statement of Comprehensive Income as finance income.

1.12 Finance costs

Any finance costs that are separately identifiable and directly attributable to an asset which takes a period of time to complete are amortised as part of the cost of the asset. All other finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with bank and other borrowings.

1.13 Taxation

On 20 September 2017, the Company became part of the Group headed by Warehouse REIT Plc (the "Group"). As a REIT, the Group is exempt from corporation tax on the profits and gains from its property rental business, provided it continues to meet certain conditions as per REIT regulations.

Non-qualifying profits and gains of the Group continue to be subject to corporation tax. Therefore, current tax is the expected tax payable on the non-qualifying taxable income for the period if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

1.14 Changes to accounting standards and interpretations

The following new standards and amendments to existing standards have been published and the Company has applied the standards from 1 April 2022, with the year ended 31 March 2023 being the first year end reported under the standards.

- onerous contracts – cost of fulfilling a contract (amendments to IAS 37);
- property, plant and equipment: proceeds before intended use (amendments to IAS 16);
- annual improvements to IFRS standards 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- references to conceptual framework (amendments to IFRS 3).

The adoption of these amendments has not led to any changes to the Company's accounting policies or had any material impact on the financial position or performance of the Company.

Tilstone Chesterfield Limited
Notes to the Financial Statements (continued)
for the year ended 31 March 2023

2 Significant accounting judgements and estimates

The preparation of these Financial Statements in accordance with Financial Reporting Standard 101 requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the Financial Statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

Judgements

In the course of preparing the Financial Statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the Financial Statements.

Estimates

In the process of applying the Company's accounting policies, management have made the following estimates detailed below which have the most significant effect on the amounts recognised in the Financial Statements:

2.1 Valuation of property

The valuations of the Company's investment property are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2020 (incorporating the International Valuation Standards) and in accordance with IFRS 13. See note 8 for further details. The key estimates made by the valuer are the estimated rental value ("ERV") and equivalent yields of each investment property.

3 Revenue

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Rental income	2,508,755	2,508,754
Insurance recharge	66,972	83,305
	<u>2,575,727</u>	<u>2,592,059</u>

4 Administrative and other expenses

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Investment advisor fee ¹	451,726	101,541
Other fees ¹	18,625	4,394
Audit fees for the audit of the Company's Financial Statements ¹	12,382	2,385
Tax fees	8,500	4,250
Valuation fees ¹	2,514	3,749
Legal & professional fees	213	5,459
	<u>493,960</u>	<u>121,778</u>

¹ Expenses recharged from Warehouse REIT plc

Fees payable to the Company's auditor for services other than statutory audit and taxation services provided to the Company are not disclosed in the Company's Financial Statements since the consolidated accounts of Warehouse REIT plc are required to disclose non-audit fees on a consolidated basis.

There are no employees and Directors are remunerated by the ultimate controlling party.

Tilstone Chesterfield Limited
Notes to the Financial Statements (continued)
for the year ended 31 March 2023

5 Finance income

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Bank interest	430	-
	<u>430</u>	<u>-</u>

6 Finance expense

	Year ended 31 March 2023 £	For the period 31 March 2022 £
Interest payable on bank borrowings ²	771,436	100,702
Amortisation of loan arrangement fees ²	75,593	22,396
Bank charges	82	45
	<u>847,111</u>	<u>123,143</u>

² Expenses recharged from Tilstone Holdings Limited

7 Taxation

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
(Loss)/profit before tax	<u>(21,639,878)</u>	<u>8,836,776</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
	£	£
(Loss)/profit before tax multiplied by the standard rate of corporation tax	(4,111,577)	1,678,987
Effects of:		
Revaluation of investment properties not taxable	4,333,900	(1,245,344)
REIT exempt income	(222,323)	(433,643)
Total tax charge	<u>-</u>	<u>-</u>

8 Investment property

	31 March 2023 £	31 March 2022 £
Fair value		
Investment property valuation brought forward	74,310,000	68,200,000
Acquisition of properties	-	(444,442)
Fair value (losses)/gains on revaluation of investment property	<u>(22,810,000)</u>	<u>6,554,442</u>
Carrying value at the end of the year	<u>51,500,000</u>	<u>74,310,000</u>

The whole property portfolio is secured against bank loans taken out by Tilstone Holdings Limited, an indirect parent Company.

Tilstone Chesterfield Limited
Notes to the Financial Statements (continued)
for the year ended 31 March 2023

9 Trade and other receivables

	31 March 2023 £	31 March 2022 £
Current		
Escrow account	37,500	187,500
Other debtors	45	45
	<u>37,545</u>	<u>187,545</u>
Non-Current		
Amounts owed by other Group companies	2,880,458	2,180,458
Amounts owed by ultimate parent company	267,428	516,204
	<u>3,147,886</u>	<u>2,696,662</u>

Amounts owed by ultimate parent company and other Group companies are unsecured, interest free and repayable on demand. The Directors have reviewed the Company cash flow forecast and presented the amount expected to fall due within 12 months as current. The Directors do not expect any further amounts to be paid within 12 months and as such the remaining balance has been classified as non-current assets.

The amounts due from group companies are not considered to carry any material credit risk, being from related parties that remain trading in their normal capacity.

10 Cash and cash equivalents

	31 March 2023 £	31 March 2022 £
Cash and cash equivalents	161,873	193,714
	<u>161,873</u>	<u>193,714</u>

11 Trade and other payables

	31 March 2023 £	31 March 2022 £
Current		
Amounts owed to parent company	172,402	-
VAT payable	125,395	129,035
Trade creditors	11,391	755,518
Amounts owed to other Group companies	2,850	328,224
	<u>312,038</u>	<u>1,212,777</u>

As at 31 March 2022, the Trade creditors of £755,518 includes £752,627 paid over by the tenant in advance of the corresponding invoice being raised by the property manager.

Amounts owed to parent company, ultimate parent company and other Group companies are unsecured and repayable on demand. All amounts owed to the ultimate parent and other Group companies are interest free, the amount owed to the parent company incurs interest in line with the rate charged by the external lender.

Tilstone Chesterfield Limited
Notes to the Financial Statements (continued)
for the year ended 31 March 2023

12 Share capital

	31 March 2023 Number	31 March 2022 Number
Allotted, called up and fully paid: £1 Ordinary shares	<u>15,000,001</u>	<u>15,000,001</u>
	31 March 2023 £	31 March 2022 £
Allotted, called up and fully paid: £1 Ordinary shares	<u>15,000,001</u>	<u>15,000,001</u>

The Company has one class of ordinary shares which carry no right to fixed income. The ordinary shares entitle the owners to appoint or remove officers of the Company and to receive dividends from the Company when it is deemed acceptable.

13 Capital contribution reserve

	31 March 2023 £	31 March 2022 £
At the beginning of the year	<u>20,743,332</u>	<u>20,743,332</u>
At the end of the year	<u>20,743,332</u>	<u>20,743,332</u>

The capital contribution reserve arose on the acquisition of the Company as a result of the settlement by the new immediate parent Company of an amount owed by the Company with no expectation of repayment. This reserve is distributable.

14 Retained earnings

	31 March 2023 £	31 March 2022 £
At the beginning of the year	40,431,811	31,595,035
(Loss)/profit for the financial year	<u>(21,639,878)</u>	<u>8,836,776</u>
At the end of the year	<u>18,791,933</u>	<u>40,431,811</u>

Tilstone Chesterfield Limited
Notes to the Financial Statements (continued)
for the year ended 31 March 2023

15 Events after the balance sheet date

There are no post balance sheet events to report.

16 Operating leases

Operating lease commitments - as lessor

The Company has entered into commercial property leases on its investment Property portfolio.

Total future minimum lease receivables under non-cancellable operating leases fall due as follows:

	31 March 2023 £	31 March 2022 £
Falling due:		
within one year	2,508,755	2,508,755
between one and two years	2,508,755	2,508,755
between two and three years	2,508,755	2,508,755
between three and four years	2,508,755	2,508,755
between four and five years	2,508,755	2,508,755
in more than five years	14,035,281	16,544,036
	<u>26,579,056</u>	<u>29,087,811</u>

17 Controlling party

The Company's immediate parent company is Tilstone Industrial Limited, a company incorporated and registered in England and Wales. The ultimate controlling party is Warehouse REIT plc, a company incorporated and registered in England and Wales. The smallest and largest Group to consolidate these accounts is the Group headed by Warehouse REIT plc. The registered address of the immediate and ultimate parent companies are the same as the Company.