Company Registration No. 08872070

EARLS COURT PARTNERSHIP LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

EARLS COURT PARTNERSHIP LIMITED

COMPANY INFORMATION

Director	DV4 Administration Limited Andrew Parsons Johannus Spikker William Cornelius Rafael Torres Villalba Joanna Hawkes
Company number	08872070
Registered office	Earls Court Project Rooms 16-18 Empress Place London SW6 1TT
Auditor	PricewaterhouseCoopers CI LLP 37 Esplanade St Helier Jersey JE1 4XA

EARLS COURT PARTNERSHIP LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the financial statements of Earls Court Partnership Limited ("the Company") for the year ended 31 December 2023.

Principal activities
The principal activity of the Company is that of property investment.

Business review

Fair review of the business
Both the level of business during the year and the year end financial position were as expected. The loss for the year amounted to £158.0m (2022: loss of £106.4m). Total shareholders' funds at 31 December 2023 were £309.3m (2022: £441.8m). The Directors do not recommend a payment of dividend for the year (2022: £nil).

Events after the reporting date
Since the year end, the Company has issued £5m of loan notes which were taken up according to shareholder equity holdings.

Going concern
The Company's going concern assessment covers the period from the date of authorisation of these financial statements to 30 April 2025 and considers the Company's budgeted and committed expenditure and access to liquidity over the period. In preparing the assessment, the Directors have considered downside factors, including the ability of the Company to defer non-committed expenditure and the availability of financial support from equity holders as well as consideration of loan covenant requirements in connection with the Company's borrowings.

The assessment of the Directors demonstrates that the Company has access to capital, sufficient to fund forecast cash outflows in both expected and downside scenarios. During this period, the capital available to the Company is in excess of forecast expenditure, the majority of which is not contracted or committed. In particular, the equity holders of the Company are obliged to provide additional working capital under the terms of the Company's Loan Note Instruments. Additionally, the Directors have reviewed the ability of equity holders to meet their commitments and are satisfied that they will provide funding as required with reference to the Company's approved budgets.

The Company was compliant with all such loan covenants and is expected to continue to comply for the foreseeable future. The Directors have reviewed the Company's compliance with loan covenants over the going concern assessment period and concluded the likelihood of a breach of covenants is remote, as a significant reduction in property values would be required.

On this basis, the Directors have continued to adopt the going concern basis in preparing the financial statements. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

Directors
The following Directors have served during the year:

DV4 Administration Limited
Andrew Parsons
Johannus Spikker
William Cornelius
Rafael Torres Villalba
Joanna Hawkes

Disclosure of information to auditor
So far as the Directors at the date of approving this report are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the Company's auditor, the Directors have taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

EARLS COURT PARTNERSHIP LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Small companies provision
The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Directors have taken advantage of the exemption from preparing a Strategic Report.

On behalf of the board

....
Andrew Parsons
Director

Date: 3 MAY 2024

EARLS COURT PARTNERSHIP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

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

The Companies Act 2006 ("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, comprising FRS 101 "Reduced Disclosure Framework", 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;
- 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.

The Directors confirm that they have complied with the above requirements throughout the year and subsequently.

On behalf of the board

....

Andrew Parsons
Director

Date: 3 May 2024

Independent auditor's report to the members of Earls Court Partnership Limited

Report on the audit of the financial statements

Opinion

In our opinion, Earls Court Partnership Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2023; the income statement and statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and the potential for management bias in accounting estimates and key judgements impacting the financial statements, specifically the valuation of investment and development properties. Audit procedures performed by the engagement team included:

- enquiring with management and the directors of the company as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- inspecting and testing significant transactions or financial statement disclosures, such as any fees payable to related parties;
- testing the disclosures made in the financial statements and the directors' report for compliance with the requirements of the Companies Act 2006;
- inspecting legal fee expenditure for any indication of undisclosed litigation or non-compliance with laws and regulations;
- performing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing;
- reviewing accounting estimates for bias that could result in material misstatement due to fraud; and
- identifying and testing journal entries considered to be of higher fraud risk, and the evaluation of the business rationale for any significant or unusual transactions identified as being outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Ian K S Tait

Ian Tait (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Jersey
3 May 2024

EARLS COURT PARTNERSHIP LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £ 000	2022 £ 000
Turnover	2	**1,803**	1,225
Cost of sales	2	**(939)**	(558)
Gross profit		**864**	667
Administrative expenses		**(8,592)**	(4,880)
Loss on fair value of investment and development property	6	**(150,266)**	(102,194)
Operating loss		**(157,994)**	(106,407)
Interest receivable and similar income		**18**	-
Interest payable and similar charges	3	**-**	-
Loss on ordinary activities before taxation	4	**(157,976)**	(106,407)
Taxation	5	**-**	-
Loss for the year		**(157,976)**	(106,407)

STATEMENT OF COMPREHENSIVE INCOME
The Company has no comprehensive income other than the results for the year as set out above.

All items dealt with in arriving at the results for the year ended 31 December 2023 relate to continuing operations.

The notes on pages 10 to 23 form part of these financial statements.

EARLS COURT PARTNERSHIP LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 £ 000	2022 £ 000
Fixed assets			
Investment and development properties	6	**417,530**	539,900
Property, plant and equipment	7	**304**	606
		417,834	540,506
Current assets			
Debtors	9	**4,974**	3,638
Cash at bank and in hand		**16,360**	4,418
		21,334	8,056
Creditors: amounts falling due within one year	10	**(12,664)**	(10,957)
Net current assets/(liabilities)		**8,670**	(2,901)
Total assets less current liabilities		**426,504**	537,605
Creditors: amounts falling due after more than one year	12	**(117,229)**	(95,854)
Net assets		**309,275**	441,751
Capital and reserves			
Called up share capital	13	**11**	11
Share premium account	13	**119,998**	119,998
Loan notes classified as equity	13	**1,183,147**	1,157,647
Profit and loss account		**(993,881)**	(835,905)
Total equity		**309,275**	441,751

The financial statements were approved and authorised for issue by the Board on 3 May 2024

Andrew Parsons
Director

The notes on pages 10 to 23 form part of these financial statements.

Company Registration No. 08872070 (England & Wales)

EARLS COURT PARTNERSHIP LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Called up share capital £ 000	Share premium account £ 000	Loan notes classified as equity £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2022		11	119,998	1,137,147	(729,498)	**527,658**
Loss for the year		-	-	-	(106,407)	**(106,407)**
Loan notes issued	**13**	-	-	20,500	-	**20,500**
At 31 December 2022		11	119,998	1,157,647	(835,905)	**441,751**
Loss for the year		-	-	-	(157,976)	**(157,976)**
Loan notes issued	**13**	-	-	25,500	-	**25,500**
At 31 December 2023		**11**	**119,998**	**1,183,147**	**(993,881)**	309,275

The notes on pages 10 to 23 form part of these financial statements.

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

FRS 101 sets out a reduced disclosure framework that addresses the financial reporting requirements of and disclosure exemptions available in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Amendments are made to the requirements of IFRS where necessary so as to comply with the Companies Act 2006.

In preparing the financial statements, the Directors have taken advantage of the small companies exemptions provided under the Companies Act 2006.

The Company, as a qualifying entity, is a member of a group where the parent of that group, being Earls Court (London) LLP, prepares publicly available consolidated financial statements that are intended to give a true and fair view and the Company is included in the consolidation. Details of where the 2023 Annual Report and financial statements of Earls Court (London) LLP can be obtained are disclosed in note 15.

The Directors of the Company have taken advantage of the following disclosure exemptions available under FRS 101:

- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations';
- The requirements of IFRS 7 'Financial Instruments: Disclosures';
- The requirements of paragraphs 91 to 99 IFRS 13 'Fair value Measurement' in relation to investment and development property;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';
- The comparative information requirements of paragraph 38 of IAS1, 'Presentation of Financial Statements' in respect of paragraph 79(a)(iv) of IAS1 and paragraph 73(e) of IAS 16 'Property, Plant & Equipment';
- 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';
- The requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures';
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenues from Contracts with Customers'; and
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total.

1 Accounting policies (continued)

1.2 Going concern

The Company's going concern assessment covers the period from the date of authorisation of these financial statements to 30 April 2025 and considers the Company's budgeted and committed expenditure and access to liquidity over the period. In preparing the assessment, the Directors have considered downside factors, including the ability of the Company to defer non-committed expenditure and the availability of financial support from equity holders as well as consideration of loan covenant requirements in connection with the Company's borrowings.

The assessment of the Directors demonstrates that the Company has access to capital, sufficient to fund forecast cash outflows in both expected and downside scenarios. During this period, the capital available to the Company is in excess of forecast expenditure, the majority of which is not contracted or committed. In particular, the equity holders of the Company are obliged to provide additional working capital under the terms of the Company's Loan Note Instruments. Additionally, the Directors have reviewed the ability of equity holders to meet their commitments and are satisfied that they will provide funding as required with reference to the Company's approved budgets.

The Company was compliant with all such loan covenants and is expected to continue to comply for the foreseeable future. The Directors have reviewed the Company's compliance with loan covenants over the going concern assessment period and concluded the likelihood of a breach of covenants is remote, as a significant reduction in property values would be required.

On this basis, the Directors have continued to adopt the going concern basis in preparing the financial statements. The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

1.3 New standards and interpretations

The following amendments are effective for the period beginning on 1 January 2023:

- IAS 1 - Presentation of Financial Statements and IFRS Practice statement 2 - Making Materiality Judgements (Amendment - Disclosure of Accounting Policies)
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimate)
- IAS 12 - Income Taxes (Amendment - Deferred Tax Related to Assets and Liabilities arising from a Single Transaction.)
- IAS 12 - Income Taxes (Amendments - International Tax Reform - Pillar Two Model Rules)

The above amendments had no material impact on the Company.

There are a number of standards, amendments to standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning on 1 January 2024:

- IAS 1 - Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-Current)
- IAS 1 - Presentation of Financial Statements (Amendment - Non-Current Liabilities with Covenants)
- IFRS 16 - Leases (Amendment - Lease Liability in a Sale and Leaseback)
- IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments - Disclosures (Amendment - Disclosure of Supplier Finance Lease Arrangements)

1 Accounting policies (continued)

1.3 New standards and interpretations (continued)

The following amendments are effective for the period beginning on 1 January 2025:

- IAS 21 - The Effects of Changes in Foreign Exchange Rates (Amendment - How to assess whether a currency is exchangeable and how to determine a spot exchange rate if exchangeability is lacking)

The Company is currently assessing the impact of these new accounting standards. The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

1.4 Critical accounting judgements and key sources of estimation and uncertainty

The preparation of financial statements in accordance with FRS 101 requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, equity, income and expenses from sources not readily apparent. Although these estimates and assumptions are based on management's best knowledge of the amount, historical experiences and other factors, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period.

The key areas of accounting judgement are:

Valuation of investment properties under development

The fair value of investment properties under development is determined by professional external valuers using recognised valuation techniques.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams and the overall repair and condition of the property) and the discount rates applicable to those cashflows. Future revenue streams, inter alia, comprise contracted rent (passing rent) and estimated rental income (ERV) after the contract period. In estimating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting date. In addition, the determination of the fair value of development land requires the use of estimates such as development costs and anticipated sales income of the completed project adjusted for planning risk.

Property classification

Judgement is required in the classification of property between investment and development, trading and owner occupied. Management considers each property separately and reviews factors including the long term intention for the property in determining if trading, and the level of ancillary income to ensure the appropriate classification.

Other less significant judgements and sources of estimation and uncertainty relate to revenue recognition, provisions and contingent liabilities.

1 Accounting policies (continued)

1.5 Turnover

Rental income consists of gross income calculated on an accruals basis, together with services where the Company acts as principal in the ordinary course of business, excluding sales of property. Rental income is spread evenly over the period from lease commencement to lease expiry.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example increases arising on rent reviews, are recorded as income in the periods in which they are earned.

Where the outcome of an outstanding rent review is reasonably certain, rent is accrued from the review date based upon an estimated annual rent. Estimates are derived from knowledge of market rents for comparable properties determined on an individual property basis and updated for progress of negotiations.

Where turnover is obtained by the sale of property, it is recognised when the buyer obtains control of the property. This will normally take place on legal completion. Turnover arising from the sale of property under construction is recognised on completion once all performance obligations have been completed and control of the property has been transferred to the buyer.

1.6 Tax

Current tax is the amount payable on the taxable income for the year and any adjustment in respect of prior years. It is calculated using tax rates that have been enacted or substantively enacted by the year end.

In accordance with IAS 12 'Income Taxes', deferred tax is provided for using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of those assets and liabilities. However, temporary differences are not recognised to the extent that they arise from the initial recognition of assets and liabilities that at the time of the transaction, affect neither accounting nor taxable profit or loss; or are associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary difference can be controlled by the parent, venture or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the year end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

1 Accounting policies (continued)

1.6 Tax (continued)

Deferred tax assets are recognised only to the extent that the Directors believe it is probable that future taxable profit will be available against which the deferred tax assets can be recovered. Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable company or different taxable entities where there is an intention to settle balances on a net basis.

Tax is included in the income statement except when it relates to items recognised in other comprehensive income or directly in equity, in which case the related tax is also recognised in other comprehensive income or directly in equity respectively.

1.7 Interest payable and similar charges

Interest is accrued on a time basis, by reference to the principal outstanding and the effective interest rate.

1.8 Investment properties under development

Investment properties under development are owned or leased by the Company and held for long-term rental income and capital appreciation.

The Directors have chosen to use the fair value model. Property and any related obligations are initially recognised when the significant risks and rewards attached to the property have transferred to the Company. Investment and development property is initially recognised at cost and subsequently revalued at the year end to fair value with the support of professionally qualified external valuers on the basis of market value.

The fair value of property is arrived at by adjusting the market value as above for directly attributable lease incentive assets and fixed head leases. Property held under finance leases is stated gross of the recognised finance lease asset.

Each valuation is based upon assumptions as outlined within the investment and development properties note (note 6). These assumptions conform with the Royal Institution of Chartered Surveyors ("RICS") Valuation Professional Standards. The cost of development properties includes capitalised interest and other directly attributable outgoings, with the exception of properties and land where no development is imminent in which case no interest is included. Interest is capitalised (before tax relief) on the basis of the weighted average cost of debt outstanding until the date of practical completion.

When the Company redevelops a property for continued future use, that property is classified as investment and development property during the redevelopment period and continues to be measured at fair value.

Gains or losses arising from changes in the fair value of investment property are recognised in the income statement in the period in which they arise. Depreciation is not provided in respect of investment property including plant and equipment integral to such investment property. Investment properties under development cease to be recognised as investment properties under development when they have been disposed of or when they cease to be held for the purpose of generating rental income or for capital appreciation.

1 Accounting policies (continued)

1.8 Investment properties *under development (continued)*

Disposals are recognised on completion. Gains or losses arising are recognised in the income statement. The gain on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

1.9 Investments

Investments are stated at cost less impairment losses, if any. Impairment losses are determined with reference to the investment's fair value less estimated selling costs. Fair value is derived from the net assets attributable to the investment at the year end. Reversal of prior impairment is calculated on a consistent basis with the original impairment charge and may not exceed the original cost prior to impairment. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

1.10 Property, plant and equipment

Property, plant and equipment "PPE" consist of fixtures, fittings and other equipment. PPE is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset plus any attributable cost in bringing the asset to its working condition for its intended use. Depreciation is charged to the income statement on a straight-line basis over an asset's estimated useful life. Currently, the maximum life of the Company's fixtures, fittings and other equipment is three years.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

As at 31 December 2023, there was restricted cash of £11.7m (2022: £0.8m).

Under the terms of the lease arrangements with Network Rail and London Underground, the Company is required to hold funds to cover future maintenance costs. Amounts held in relation to these are shown within the restricted cash balance in addition to borrowings with restricted use drawn down under the debt facility.

1.12 Debtors

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost. The Directors exercise judgement as to the collectability of the Company's debtors and determine whether it is appropriate to impair these assets. Debtors falling due after more than one year are presented under current assets in accordance with Companies Act requirements.

1.13 Impairment of financial assets

The Company applies the IFRS 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets. To measure the expected credit losses, receivables are reviewed on an individual contract basis. The expected loss rates are based on historical evidence of collection. The historical loss rates are adjusted to reflect current and future information such as estimated future cash flows or by using fair value where this is available through observable market prices and review of macroeconomic factors which may affect the counter party's ability to settle the receivables. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the original impairment was recognised, the impairment reversal is recognised in the income statement on a basis consistent with the original charge.

1 Accounting policies (continued)

1.14 Creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Creditors are recognised at fair value and subsequently measured at amortised cost until settled.

1.15 Amounts owed to group undertakings

Amounts owed to group undertakings are recognised at fair value and subsequently measured at amortised cost until settled.

1.16 Borrowings

Borrowings are recognised initially at their net proceeds as an approximation of fair value. If the transaction price is not an approximation of fair value at initial recognition, the Company determines the fair value as evidenced by a quoted price in an active market for an identical instrument or based on a valuation technique that uses data from observable markets. Where equity holders of the Company are party to the transaction, the difference between the net proceeds and fair value is recognised within equity.

Borrowings are subsequently carried at amortised cost. Any transaction costs, premiums or discounts are capitalised and recognised over the contractual life of the loan using the effective interest rate method; or on a straight line basis where it is impractical to do so. Qualifying borrowing costs are capitalised and included in investment properties under development costs.

In the event of early repayment, transaction costs, premiums or discounts paid or unamortised costs are recognised immediately in the income statement.

1.17 Loan notes

Loan notes are recognised at cost and are not subsequently remeasured. Based on the contractual agreement of the instrument the holder does not have the ability to redeem the instrument or entitlement to any interest, accordingly these instruments have been classified as equity.

1.18 Contingent liabilities and capital commitments

Contingent liabilities are disclosed where there are present or possible obligations arising from past events, but the economic impact is uncertain in timing, occurrence or amount. A description of the nature and, where possible, an estimate of the financial effect of contingent liabilities are disclosed in note 14.

Capital commitments are disclosed when the Company has a contractual future obligation which has not been provided for at the year end.

2 Gross profit

Turnover arose in the United Kingdom from continuing operations. In the opinion of the Directors, the Company carries on only one class of business.

	2023 £ 000	2022 £ 000
Turnover - Rental income	**1,803**	1,225
Direct property costs	**(939)**	(558)
Gross profit	**864**	667

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2023 £ 000	2022 £ 000
Less than 1 year	**1,504**	1,157
From 1 to 2 years	**964**	538
From 2 to 5 years	**833**	333
	3,301	2,028

3 Interest payable and similar charges

	2023 £ 000	2022 £ 000
Finance costs		
On loans	**5,452**	2,137
Amortisation of debt issue costs	**88**	88
Other finance costs	**-**	-
	5,540	2,225
Interest capitalised to property under development	**(5,540)**	(2,225)
Interest payable and similar charges	**-**	-

4 Loss on ordinary activities before taxation

The loss before taxation of £167.4m (2022: loss of £106.4m) is arrived at after charging:

	2023 £ 000	2022 £ 000
Depreciation	**374**	-
Auditor's remuneration	**41**	41

There were no employees during the year (2022: nil).

Directors' emoluments

No Director received any remuneration for services to the Company or any group companies in either year.

5 Taxation

The differences between the tax assessed for the year and the amount that would arise by applying the *current standard rate of United Kingdom corporation tax of 23.5% (2022: 19%) are shown below:*

	2023 £ 000	2022 £ 000
Current tax		
UK income tax	-	-
Current tax credit	-	-
Factors affecting the current tax credit for the year		
Loss on ordinary activities before taxation	**(157,976)**	(106,407)
Multiplied by the basic rate of UK income tax of 23.52% (2022: 19%)	**(37,156)**	(20,217)
Expenses not deductible for tax purposes	**48**	60
Capitalised costs deductible for tax purposes	**(1,303)**	(423)
Revaluation movement not recognised for deferred tax	**35,343**	19,417
Unrelieved losses carried forward	**3,068**	1,163
Tax on loss on ordinary activities	-	-

The company has an unrecognised deferred tax asset of £252.9m at 31 December 2023 (2022: £212.2m), comprising trading losses carried forward totalling £33.4m (2022: £20.8m) and investment and development property revaluation losses totalling £978.2m (2022: £827.9m), calculated using a rate of UK tax of 25% (2022: 25%). The asset is not recognised since the Directors do not consider that it is sufficiently certain that suitable taxable profits will arise in the Company against which the losses can be offset.

From 1 April 2023 the corporation tax rate increased to 25%. Therefore the deferred tax liabilities have been calculated using 25% (2022: 25%).

6 Investment and development properties

	2023 £ 000	2022 £ 000
At 1 January	**539,900**	595,960
Additions from acquisitions	-	7,445
Additions from subsequent expenditure	**22,356**	36,464
Interest capitalised to development property	**5,540**	2,225
Disposals	-	-
Loss on revaluation	**(150,266)**	(102,194)
Carrying value at 31 December	**417,530**	539,900

The additions from subsequent expenditure balance shown above includes £nil (2022 - £15.75m) *deferred consideration (see notes 10 and 12).*

6 Investment and development properties (continued)

Investment and development properties at 31 December 2023 represents an interest in property held in the Earls Court area of West London.

Qualifying borrowing costs totalling £5,540,000 (2022 - £2,225,000) have been capitalised and the associated weighted average interest cost was 5.73% (2022 - 2.9%).

The fair value of investment and development properties at 31 December 2023 was determined with the support of independent external valuers, CBRE Ltd. The valuations conform to the Royal Institution of Chartered Surveyors ("RICS") Valuation Standards. Fees paid to the valuer are based on fixed price contracts.The fair value of investment and development properties determined by CBRE Ltd at 31 December 2023 was £406,780,000 after deducting committed deferred liabilities of £10.75m. The fair value of investment and development properties has been shown gross with deferred liabilities disclosed separately for financial reporting purposes (see notes 10 & 12).

7 Property, plant and equipment

	2023 £ 000
Cost	
At 1 January 2023	1,926
Additions	72
At 31 December 2023	1,998
Accumulated depreciation	
At 1 January 2023	1,320
Depreciation charge	374
At 31 December 2023	1,694
Carrying value at 31 December 2023	304
Carrying value at 1 January 2023	606

Property, plant and equipment includes fixtures, fittings and other office equipment. There are no restrictions on the title to any fixtures, fittings and other office equipment, or any contractual commitments for the acquisition of further fixutres, fittings and other office equipment.

8 Investments

Details of the subsidiaries as at 31 December 2023 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2023	2022
1 and 3 Eardley Crescent Ltd	Freehold management	England and Wales	15%	15%

The registered address of 1 and 3 Eardley Crescent Ltd is 25 The Avenue, Chiswick, London, W4 1HA.

At 31 December 2023, the Company held two of thirteen issued ordinary shares of £1 of 1 and 3 Eardley Crescent Ltd.

The carrying value of this investment at 31 December 2023 was £nil (2022: £nil).

9 Debtors

	2023 £ 000	2022 £ 000
Trade receivables	**1,629**	32
Other debtors	**1,250**	1,057
Amounts owed from group undertakings	**-**	33
Other taxes and social security	**1,718**	1,900
Prepayments and accrued income	**377**	616
	4,974	3,638

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

10 Creditors: amounts falling due within one year

	2023 £ 000	2022 £ 000
Trade creditors	**4,309**	42
Other creditors	**32**	68
Amounts owed to group undertakings	**62**	-
Accruals and deferred income	**3,261**	5,847
Deferred consideration	**5,000**	5,000
	12,664	10,957

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

Deferred consideration relates to payments due resulting from the termination of an obligation to build a train stabling area.

11 Deferred tax

In accordance with IAS 12, the below deferred tax asset has not been recognised in the financial statements due to uncertainty regarding the level of profits that will be available in future years against which deferred tax can be recovered.

	2023 £ 000	2022 £ 000
Unrecognised deferred tax asset:		
Losses		
At 1 January	**5,193**	3,414
Unrecognised movement during the year at 25%	**3,152**	1,779
At 31 December	**8,345**	5,193
Investment and development property		
At 1 January	**206,987**	181,438
Unrecognised movement during the year at 25%	**37,566**	25,549
At 31 December	**244,553**	206,987

12 Creditors: amounts falling due after more than one year

	2023 £ 000	2022 £ 000
Borrowings	**111,479**	85,104
Deferred consideration	**5,750**	10,750
	117,229	95,854

On 24 March 2016 a loan facility was taken out with Homes England ("the loan facility") and is repayable on 31 March 2026. The loan facility bears interest at EC Reference Rate plus a margin depending on the LTV. There is also a LTV covenant in place, linked to the market value of the secured assets. The company was compliant with the covenant and is expected to continue to comply for the foreseeable future.

This loan is secured through a first charge over certain assets with a total value of £391.2m.

Deferred consideration relates to payments due resulting from the termination of an obligation to build a train stabling area.

13 Capital and reserves

	2023 £	2022 £
Issued, called up and fully paid share capital		
EC Properties LP Limited	**7,119**	7,119
TTL Earls Court Properties Limited	**4,181**	4,181
11,300 (2022: 11,300) ordinary shares of £1	**11,300**	11,300

13 Capital and reserves (continued)

The share premium represents the excess of the cash received per share, over the nominal value of per share (£1). This arose in 2015, upon issuance of additional shares.

During the year, unsecured, non-interest bearing loan notes of £25,500,000 (2022: £20,500,000 - page 9) were issued by the Company to the immediate shareholders, EC Properties LP Limited and TTL Earls Court Properties Limited. Based on the terms and conditions of the instrument £25,500,000 (2022: £20,500,000) has been classified as equity. Loan notes are held by shareholders on a pari passu basis to their shareholdings.

14 Contingent Liabilities

Within the terms of the agreement of the acquisition of the Northern Access Road land, the vendor's successor in title is entitled to further payments until 2027 if certain conditions are met. Further payments become due following the grant of a planning permission for change of use or on disposal. In the event such planning permission is implemented, the payment is calculated at 50% of the uplift in land value following the grant of the permission. In the event of a disposal, the payment is calculated as 50% of the difference between the sale value against the land value without the relevant permission.

In April 2015, the Company acquired land and property interests from EC Properties LP Limited ('EC Properties'). Pursuant to the arrangements with EC Properties, Network Rail is entitled to payments of 5.55% of the residual land value which will be payable at the time of development or disposal of each phase of the Earls Court Masterplan area, which includes the land and property interests now owned by the Company. Within the terms of the Company's agreements with EC Properties, the Company will make a further payment if the payment to Network Rail is triggered in respect of the Company's land interests. Any further payments to Network Rail will be treated as contingent rent.

15 Ultimate parent company

The ultimate parent undertaking and controlling party of the Company is Earls Court (London) LLP, a limited liability partnership incorporated and registered in England and Wales, copies of whose financial statements may be obtained from Earls Court Project Rooms, 16-18 Empress Place, London, SW6 1TT.

The immediate parent company is EC Properties LP Limited, a company incorporated in Jersey, copies of whose financial statements may be obtained from 47 Esplanade, St Helier, Jersey, JE1 0BD. EC Properties LP Limited holds a 63% controlling interest in the Company. TTL Earls Court Properties Limited holds a 37% non-controlling interest.

The immediate parent company of TTL Earls Court Properties Limited is Places for London Limited, a company registered in England and Wales. The ultimate parent company of Places for London Limited is Transport for London, a statutory corporate body created by the Greater London Authority Act 1999.

16 Related party transactions

Significant balances outstanding between the Company and related group undertakings are presented as follows:

	2023	2022
	£ 000	**£ 000**
Related undertaking		
EC Properties LP Limited	**(62)**	33

During the year, EC Properties Management Limited, a company with common control, charged Development Management Fees to the Company totalling £812,630 (2022 - £628,963) in line with the Business Manager Agreement. At the year end, fees totalling £672,924 have been accrued and are included in accruals and deferred income creditors falling due within one year (2022 - £323,766).

The balances are interest free and repayable on demand.

In 2021, the Company entered into an agreement with London Underground Limited, a related party of one of the shareholders, to terminate an obligation to build a train stabling area. A payment of £5m (2022 - £5m) was made to London Underground Limited during the year, with future payments totalling £10.75m (2022 - £15.75m) recognised as deferred liabilities (see notes 10 & 12).

During the year the Earls Court Partnership Limited purchased services from London Underground Limited totalling £42k (2022 £1,146k), and services totalling £156k (2022: £97k) from Transport for London Limited, both companies have common shareholders with the non-controlling interest.

In addition services totalling £20k (2022: £nil) were purchased from Places for London Limited, a shareholder of the Company.

17 Events after the reporting period

Since the year end, the Company has issued £5m of loan notes which were taken up according to shareholder equity holdings.