COMPANY REGISTRATION NUMBER: 08915164

PLJ Chelsea Limited

Financial Statements

31 December 2020

COVENEY NICHOLLS PARTNERSHIP LLP
Chartered accountants & statutory auditor
The Old Wheel House
31/37 Church Street
Reigate
Surrey
RH2 0AD

PLJ Chelsea Limited

Financial Statements

Year ended 31 December 2020

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PLJ Chelsea Limited

Strategic Report

Year ended 31 December 2020

The directors present their strategic report for the company for the year ended 31 December 2020.

Principal activity

The principal activity of the company during the year was the development of a luxury residential real estate project at Chelsea Island in London.

Fair review of the company's business

During the year, the company sold twelve units of the development resulting in turnover of £25.2m. This represented an increase of £10.3m versus 2019 where ten units were sold for a total of £14.9m.

Cost of sales have exceeded turnover for the year resulting in a gross loss. This is the result of an impairment charge of £3.6m being recorded against stock.

Distribution and administrative costs have experienced a significant increase driven by marketing costs of £116k and void costs of £411k being incurred.

Interest costs for the year amounted to £7.8m, compared with £7.9m in the prior year.

At the end of the year the company has a net liability position of £40.7m (£28.5m 2019)

Key performance indicators

The key performance indicators used by management to measure the performance of the company are Turnover and net profit as reported and discussed in the business review above.

Principal risks and uncertainties

The company is susceptible to the volatility of the high-end London property market. The directors are limited in their ability to mitigate this risk, but they manage the market closely.

COVID-19

The rapid spread of COVID-19 during 2020 and 2021 has caused governments to implement a policy to restrict travel and take other measures as deemed appropriate to prevent the spread of the infectious disease in question, causing unprecedented disruption to the wider economy and London property market.

PLJ Chelsea Limited

Strategic Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on 12 November 2021 and signed on behalf of the board by:

DocuSigned by:
David Berman
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Mr D P Berman
Director

Registered office:
10 Old Burlington Street
London
United Kingdom
W1S 3AG

PLJ Chelsea Limited

Directors' Report *(continued)*

Year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Directors

The directors who served the company during the year were as follows:

Mr A C Williams
Mr D P Berman
Mr J Elkington
Mr J Bendayan

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The company's bank loan with DB UK Bank Limited as presented in current liabilities matured in November 2020, at which point it was repayable in full. Given the outbreak of COVID-19 that has gripped the world in 2020 and the resultant impact on the economic climate the company was unable to sell sufficient units prior to the maturity date to repay the loan with its own cash flows. At the time of maturity the remaining balance on the loan was £45.5m.

The directors have replaced the existing loan with a new 2 year loan from DB UK Bank Limited. The new bank loan attracts interest at LIBOR plus 2.0% per annum and has a maturity date of November 2022 when it will become repayable in full. The covenants attached to the loan dictate that the loan must be repaid in line with the sale of the properties in the development in order to ensure the loan to stock value ratio does not exceed 51.80%. The loan to value ratio at drawdown was 51.79%. The new loan will provide coverage to meet the company's liabilities as they fall due for the next 12 months.

In order to mitigate any potential negative effects, the directors discuss matters including market volatility and cost control on a regular basis. Whilst the full impact of COVID-19 on the London property market remains unclear the directors will continue to consider further impairment provisions against stock if required.

Financial instruments

The company operates systems and controls to mitigate any adverse effects across the range of risks it faces. The company has no material exposure to liquidity, credit or cash flow risk.

Price risk

The company faces price risk through its activity of being a property developer of a luxury London residential property complex. Given the development is now complete the company is therefore highly susceptible to any short or medium term volatility in the high end London property market, and therefore political and economic uncertainty which may result in such volatility. Such volatility has the ability to significantly impact the performance of the company.

The directors are limited in their ability to mitigate this risk, but they monitor market conditions closely.

Interest rate risk

The company faces interest rate risk due its bank borrowings which accrue interest at 2.20% plus LIBOR. This leaves the company exposed to volatility in the LIBOR market. The directors have currently chosen not to formally hedge this risk, having done so in past. They continue to closely monitor it.

PLJ Chelsea Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Disclosure of information in the strategic report

In accordance with S414C of the Companies Act 2006, the company has included a strategic report containing a review of the company's business and an assessment of the principal risks and uncertainties facing the company.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 12 November 2021 and signed on behalf of the board by:

DocuSigned by:
David Berman
4427EC492A7D435...

Mr D P Berman
Director

Registered office:
c/o Alvarium RE Limited
10 Old Burlington Street
London
United Kingdom
W1S 3AG

PLJ Chelsea Limited

Independent Auditor's Report to the Members of PLJ Chelsea Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of PLJ Chelsea Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is *applicable law and United Kingdom Accounting Standards, including* FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- *have been properly prepared in accordance* with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's *responsibilities for the audit of the financial statements section of our report.* We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

PLJ Chelsea Limited

Independent Auditor's Report to the Members of PLJ Chelsea Limited *(continued)*

Year ended 31 December 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

PLJ Chelsea Limited

Independent Auditor's Report to the Members of PLJ Chelsea Limited *(continued)*

Year ended 31 December 2020

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

PLJ Chelsea Limited

Independent Auditor's Report to the Members of PLJ Chelsea Limited *(continued)*

Year ended 31 December 2020

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:

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

- reading minutes of meetings of those charged with governance and reviewing correspondence with relevant regulatory authorities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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.

J N Kelly (Senior Statutory Auditor)

For and on behalf of
Coveney Nicholls Partnership LLP
Chartered accountants & statutory auditor
The Old Wheel House
31/37 Church Street
Reigate
Surrey
RH2 0AD 15-11-2021

PLJ Chelsea Limited

Statement of Comprehensive Income

Year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	**25,211,000**	14,976,000
Cost of sales		**28,801,441**	14,976,000
Gross loss		**(3,590,441)**	–
Distribution costs		**116,480**	–
Administrative expenses		**594,848**	431,328
Operating loss	5	**(4,301,769)**	(431,328)
Other interest receivable and similar income	7	**1,423**	5,365
Interest payable and similar expenses	8	**7,853,408**	7,939,005
Loss before taxation		**(12,153,754)**	(8,364,968)
Tax on loss	9	**–**	–
Loss for the financial year and total comprehensive income		**(12,153,754)**	(8,364,968)

All the activities of the company are from continuing operations.

The notes on pages 13 to 20 form part of these financial statements.

PLJ Chelsea Limited

Statement of Financial Position

31 December 2020

	Note	2020 £	2020 £	2019 £
Current assets				
Stocks	10	88,750,950		116,882,868
Debtors	11	569,207		505,175
Cash at bank and in hand		5,251,580		2,471,515
		94,571,737		119,859,558
Creditors: amounts falling due within one year	12	135,277,668		148,411,735
Net current liabilities			40,705,931	28,552,177
Total assets less current liabilities			(40,705,931)	(28,552,177)
Net liabilities			(40,705,931)	(28,552,177)
Capital and reserves				
Called up share capital	14		30,277	30,277
Share premium account	15		3,294,023	3,294,023
Profit and loss account	15		(44,030,231)	(31,876,477)
Shareholders deficit			(40,705,931)	(28,552,177)

These financial statements were approved by the board of directors and authorised for issue on 12 November 2021, and are signed on behalf of the board by:

DocuSigned by:
David Berman
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Mr D P Berman
Director

Company registration number: 08915164

The notes on pages 13 to 20 form part of these financial statements.

PLJ Chelsea Limited

Statement of Changes in Equity

Year ended 31 December 2020

	Called up share capital £	Share premium account £	Profit and loss account £	**Total £**
At 1 January 2019	30,277	3,294,023	(23,511,509)	(20,187,209)
Loss for the year			(8,364,968)	(8,364,968)
Total comprehensive income for the year	–	–	(8,364,968)	(8,364,968)
At 31 December 2019	30,277	3,294,023	(31,876,477)	**(28,552,177)**
Loss for the year			(12,153,754)	**(12,153,754)**
Total comprehensive income for the year	–	–	(12,153,754)	**(12,153,754)**
At 31 December 2020	30,277	3,294,023	(44,030,231)	**(40,705,931)**

The notes on pages 13 to 20 form part of these financial statements.

PLJ Chelsea Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is c/o Alvarium RE Limited, 10 Old Burlington Street, London, W1S 3AG, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company's bank loan with DB UK Bank Limited as presented in current liabilities matured in November 2020, at which point it was repayable in full. Given the outbreak of COVID-19 that has gripped the world in 2020 and the resultant impact on the economic climate the company was unable to sell sufficient units prior to the maturity date to repay the loan with its own cash flows. At the time of maturity the remaining balance on the loan was £45.5m.

The directors have replaced the existing loan with a new 2 year loan from DB UK Bank Limited. The new bank loan attracts interest at LIBOR plus 2.0% per annum and has a maturity date of November 2022 when it will become repayable in full. The covenants attached to the loan dictate that the loan must be repaid in line with the sale of the properties in the development in order to ensure the loan to stock value ratio does not exceed 51.80%. The loan to value ratio at drawdown was 51.79%. The new loan will provide coverage to meet the company's liabilities as they fall due for the next 12 months.

In order to mitigate any potential negative effects, the directors discuss matters including market volatility and cost control on a regular basis. Whilst the full impact of COVID-19 on the London property market remains unclear the directors will continue to consider further impairment provisions against stock if required.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of PLJ Mezz Holdco UK Limited which can be obtained from Companies House, Cardiff. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) Disclosures in respect of each class of share capital have not been presented.
(b) No cash flow statement has been presented for the company.
(c) Disclosures in respect of financial instruments have not been presented.
(d) No disclosure has been given for the aggregate remuneration of key management personnel.

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The directors have not had to make any significant judgements in preparing the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year concerns the valuation of the London property development which forms the inventory included the company's assets at the reporting date.

The property development was completed in December 2018. It had become clear to the directors that due to cost overruns and negative movements in the high end London property market that at that point the capitalised cost of the development was likely to exceed its net realisable value and was therefore likely to be impaired. A professional valuation was sought in October 2018 and an impairment of £23,163,943 was recorded at 31 December 2018. As part of a refinancing process with the company's third party lender, DB Bank UK Limited, CBRE were engaged to undertake a second professional valuation of the development during the year.

The unsold units were valued at £87,850,000 in October 2020. Once adjusted for actual outcomes on subsequent sales, the value of the inventory at 31 December 2020 was assessed to be £88,750,950 and an impairment charge of £3,590,441 was recorded to write the inventory down to that value as at 31 December 2020. Cumulative impairment charges recorded to date amount to £26,754,384.

Given the nature of this estimate, it is likely the actual outcome will not equal this impairment estimate. There is therefore a risk that the actual value of the inventory may be materially higher or lower than the £88,750,950 recorded in the company's current assets at the year end.

PLJ Chelsea Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Sale of completed units

Revenue from the sale of completed units is recognised at the point the contract for sale unconditionally completes. Any reservation or exchange deposits are recognised in other creditors until that point.

Aborted transactions

Revenue arising from the forfeiture of reservation or exchange deposits as a result of buyers reneging on a transaction is recognised at the point the deposit is legally forfeited. Until that point such deposits are recognised in other creditors.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

All costs directly attributable to the development of a real estate asset, including loan interest, have been capitalised and included in stock.

In respect of real estate purchase transactions, the property is recognised as stock on completion of contracts for purchase.

In respect of real estate sale transactions, revenue is recognised in the profit and loss on completion of contracts for sale. Any deposit received on exchange of contracts is recognised in creditors until completion of sale.

PLJ Chelsea Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies ***(continued)***

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

PLJ Chelsea Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Sale of goods	**25,211,000**	14,976,000

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after crediting:

	2020	2019
	£	£
Foreign exchange differences	**–**	(293)

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	**4,635**	4,500

Fees payable to the company's auditor and its associates for other services:		
Audit-related assurance services	**2,575**	2,500
Other non-audit services	**2,060**	2,000
	4,635	4,500

7. Other interest receivable and similar income

	2020	2019
	£	£
Interest on cash and cash equivalents	**1,423**	5,365

8. Interest payable and similar expenses

	2020	2019
	£	£
Interest on banks loans and overdrafts	**1,439,754**	2,255,069
Interest due to group undertakings	**6,413,654**	5,683,936
	7,853,408	7,939,005

The interest payable above relates solely to financial liabilities measured at amortised cost.

PLJ Chelsea Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

9. Tax on loss

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
Loss on ordinary activities before taxation	(12,153,754)	(8,364,968)
Loss on ordinary activities by rate of tax	(2,309,213)	(1,589,344)
Utilisation of tax losses	(13,343)	(171,196)
Effect of corporate interest restriction	2,322,556	1,760,540
Tax on loss	–	–

10. Stocks

	2020	2019
	£	£
Finished goods and goods for resale	88,750,950	116,882,868

11. Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	132,848	124,948
Other debtors	436,359	380,227
	569,207	505,175

12. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	45,500,000	66,212,500
Trade creditors	29,488	29,489
Amounts owed to group undertakings	88,342,925	81,029,270
Accruals and deferred income	768,045	1,095,564
Other creditors	637,210	44,912
	135,277,668	148,411,735

PLJ Chelsea Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

12. Creditors: amounts falling due within one year *(continued)*

Bank loan

The bank loan attracts interest at LIBOR plus 2.2%. The loan has a maturity date of November 2022, at which point it is repayable in full. The covenants attached to the loan dictate that the loan balance must be repaid in line with the sale of the properties in the development, and that the loan to stock value ratio must not exceed 51.80%.

It is secured by the freehold property included in stocks and is also subject to guarantees provided by the ultimate shareholders as disclosed in the related party transactions note to the financial statements.

Amounts owed group undertakings

Included in amounts owed to group undertakings is loan principal of £53,481,064 (2019 - £47,347,128) which attracts interest at 12% p.a. Accrued interest is rolled up into the principal on 1 January each year. The loan is repayable demand, subject to the condition it is subordinated to the bank loan. Included in year end balance is accrued interest for the year of £6,413,654 (2019 - £5,683,936).

Also included in amounts owed to group undertakings is an interest free loan of £28,448,206 (2019 - £27,998,206). The loan is also repayable demand, subject to the condition it is subordinated to the bank loan.

13. Deferred tax

Tax losses

At 31 December 2020, the company had tax losses of £8,778,949 which if realised at the current rate of UK corporation tax would result in a tax saving of £1,668,000. No deferred tax asset has been recognised in respect of these losses due to uncertainty over whether the company will generate sufficient taxable profits to utilise them.

Corporate interest restriction

At the year end, the company has had cumulative interest expenses of £35,244,824 disallowed for corporation tax purposes in accordance with the corporate interest restriction legislation in the UK. In certain circumstances, these could be 'reactivated' and become allowable in future periods should the company generate sufficient taxable EBITDA. No deferred tax asset has been recognised in respect of this potential timing difference due to the uncertainty over whether such circumstances will exist in the future.

14. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	**£**	No.	£
Ordinary shares of £1 each	**30,277**	**30,277**	30,277	30,277

PLJ Chelsea Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

15. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

This reserve records retained earnings and accumulated losses.

16. Contingencies

DB UK Bank Limited hold a fixed and floating charge over the company's assets in respect of the bank borrowings presented in current liabilities. The balance of these borrowings at the year end amounted to £45,500,000.

17. Related party transactions

The ultimate parent company, PLJ Mezz Holdco UK Ltd, was jointly owned by PLJ Chelsea S.a.r.l and Golden Line S.A throughout the current year. There is no majority shareholder and therefore no ultimate controlling party. The company has taken advantage of the exemption offered by FRS102 from disclosing transactions with other wholly owned subsidiaries of PLJ Mezz Holdco UK Ltd.

The ultimate shareholders of PLJ Chelsea S.a.r.l. and Golden Line S.A. have jointly provided a guarantee for the bank borrowings included in current liabilities.

Historically the company has advanced working capital loans to PLJ Chelsea S.a.r.l. The outstanding balance at the year end was £nil (2019 - £155,715).

The company is also owed £12,000 (2019 - £12,000) by the shareholders of PLJ Chelsea S.a.r.l.. in respect of expenses incurred on their behalf at the outset of the development.

During the year, the company was charged £738,844 (2019 - £611,004) by Chelsea Island Developments Limited. A balance of £320,130 (2019 - £208,212) was due from Chelsea Island Developments Limited at the year end. A significant shareholder in PLJ Chelsea Sarl has an indirect significant interest in Chelsea Island Developments Limited.

Alvarium RE Limited, has incurred expenses totalling £nil (2019 - £21,108) on behalf of the group. A balance of £3,708 (2019 - £21,108) is included in other creditors at the year end. A significant shareholder in PLJ Chelsea Sarl has an indirect significant interest in Alvarium RE Limited.

18. Controlling party

The immediate parent company is PLJ Holdco UK Limited, a company registered in England and Wales.

The ultimate parent company is PLJ Mezz Holdco UK Limited, a company registered in England and Wales. PLJ Mezz Holdco UK Limited is the largest and smallest group to prepare consolidated accounts in which the results of the company are included.

PLJ Mezz Holdco UK Limited is a 50/50 joint venture between two shareholders and in the opinion of the directors the company is therefore not under the control of any single party.

PLJ Chelsea Limited

Management Information

Year ended 31 December 2020

The following pages do not form part of the financial statements.

PLJ Chelsea Limited

Detailed Income Statement

Year ended 31 December 2020

	2020	2019
	£	£
Turnover	**25,211,000**	14,976,000
Cost of sales		
Opening stock - finished goods	**140,046,811**	154,758,943
Opening provision for impairment	**(23,163,943)**	(23,163,943)
Sales and marketing costs	**669,524**	263,868
	117,552,392	131,858,868
Closing stock - finished goods	**115,505,335**	140,046,811
Closing provision for impairment	**(26,754,384)**	(23,163,943)
	28,801,441	14,976,000
Gross loss	**(3,590,441)**	–
Overheads		
Distribution costs	**116,480**	–
Administrative expenses	**594,848**	431,328
	711,328	431,328
Operating loss	**(4,301,769)**	(431,328)
Other interest receivable and similar income	**1,423**	5,365
Interest payable and similar expenses	**(7,853,408)**	(7,939,005)
Loss before taxation	**(12,153,754)**	(8,364,968)

PLJ Chelsea Limited

Notes to the Detailed Income Statement

Year ended 31 December 2020

	2020 £	2019 £
Distribution costs		
Advertising	**116,480**	–
Administrative expenses		
Void costs	**411,210**	224,117
Legal fees	**186,429**	180,902
Accountancy fees	**(14,100)**	13,200
Auditor's remuneration	**9,000**	7,000
Financial costs	–	2,943
Bank charges	**2,309**	3,459
Foreign currency gains/losses	–	(293)
	594,848	431,328
Other interest receivable and similar income		
Interest on cash and cash equivalents	**1,423**	5,365
Interest payable and similar expenses		
Interest on bank loans and overdrafts	**1,439,754**	2,255,069
Interest on amounts due to group undertakings	**6,413,654**	5,683,936
	7,853,408	7,939,005