

Company Registration No: 09371683

DELLMES GR LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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DELLMES GR LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

P A Hallam
W K Procter
C C McGill

SECRETARY

D T-Laur

REGISTERED OFFICE

Berkeley House
304 Regents Park Road
London
N3 2JX

AUDITOR

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company during the period was that of acting as a holding Company for subsidiary companies engaged in property investment. The principal activity of the Group during the period was that of property investment and property dealing.

Results and dividends

The statement of comprehensive income is set out on page 7 and shows the results of the year. The group's profit for the year amounted to £90,082,137 (2018: loss £27,722,667). The directors do not recommend the payment of a dividend for the current year and no dividend was paid in the prior year.

Business review and future developments

The directors are satisfied with the financial position of the group at the year end.

The directors do not expect there to be significant future developments which could adversely impact the business however notice should be taken of the potential legislative changes disclosed in the critical accounting estimates and assumptions section of note 1.13.

Investment properties

The group's investment properties have been valued by the directors at £994,912,000 (2018: £882,473,000). The resultant fair value gain in the year amounted to £112,633,297 (2018: loss £32,997,725). Details of the investment properties are set out in note 8.

Properties held for resale

The properties held for resale, which are included in the financial statements as stock at a cost of £2,451,437 (2018: £2,451,437) were valued by the directors at £13,508,000 at 31 December 2019 (2018: £11,952,000). The basis of that valuation was the same as for investment properties, as set out in note 8. The properties included in stock are held as security against the company's secured loan. In the directors' opinion the fair value of these properties is significantly in excess of carrying value.

Public pledge for leaseholders

In June 2019 a number of residential real estate developers and freeholders, of which the company was a party, signed a government-backed public pledge in relation to leaseholders. This pledge is a crucial step towards positive change in the residential leasehold market and reflects our commitment to promoting good practice. The company's appointed agent, Estates & Management Limited, a company related by virtue of common control and directors, also signed this pledge.

The pledge sets out a number of principles which will assist existing and future leaseholders in ensuring the leasehold system is as fair and transparent as possible. It also includes undertakings to work with other freeholders and stakeholders to develop a comprehensive Code of Practice which establishes the responsibilities of freeholders and enshrines the highest standards for the management and maintenance of properties.

Directors

The following directors have held office during the year:

W K Procter
C C McGill
P A Hallam (appointed 10th July 2019)

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Insurance of group officers

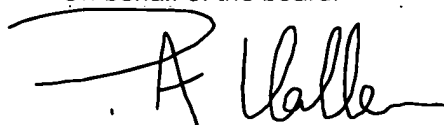
The group has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the group.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The directors have also taken the available exemption from the requirement to prepare a Strategic Report.

On behalf of the board:



P A Hallam
Director

24.6.2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELLMES GR LIMITED

Opinion

We have audited the financial statements of Dellmes GR Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent company's affairs as at 31 December 2019 and of the group's profit 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 group and parent 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.

Emphasis of matter – Valuation of investment properties

We draw attention to the disclosures made in the accounting policies on page 14 and in note 8 to the financial statements concerning the fair values of the group's investment properties which are valued on an actuarial basis. The investment properties totalling £994.9m (2018: £882.5m) included in the financial statements at 31 December 2019 were valued by the directors, having regard to a 31 December 2017 interim valuation and sensitivity analysis performed by the independent actuaries, and market changes in the intervening period. As indicated in the notes, considerable volatility exists in these valuations as demonstrated by the increase in valuation of £112.6m in the current year when compared to the directors' valuation at 31 December 2018, which in turn had decreased by £33.0m when compared to the directors' valuation at 31 December 2017, and as detailed in note 8 where the impact of changes in the underlying assumptions are detailed. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELLMES GR LIMITED (continued)

Other information (continued)

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELLMES GR LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Colin Roberts FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

25/6/2020

DELLMES GR LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	2	12,130,597	13,654,513
Administrative expenses		(1,364,440)	(1,448,498)
Operating profit		<u>10,766,157</u>	<u>12,206,015</u>
(Loss)/profit on sale of investment property		(70,989)	84,583
Fair value gain/(loss) on investment property	8	112,633,297	(32,997,725)
Interest receivable and similar income	3	1,783	215
Interest payable and similar expenses	4	(14,889,111)	(13,561,572)
Profit/(loss) before taxation	5	<u>108,441,137</u>	<u>(34,268,484)</u>
Taxation	7	(18,359,000)	6,545,817
Profit/(loss) for the financial year		<u><u>90,082,137</u></u>	<u><u>(27,722,667)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Investment properties	8	994,912,000	882,473,000
Current assets			
Stock	10	2,451,437	2,451,437
Debtors due within one year	11	765,897	1,009,856
Debtors due in more than one year	11	1,877,371	1,909,609
Cash at bank and in hand		15,809,652	15,396,796
		20,904,357	20,767,698
Creditors: amounts falling due within one year	12	(9,486,194)	(9,349,150)
Net current assets		11,418,163	11,418,548
Total assets less current liabilities		1,006,330,163	893,891,548
Creditors: amounts falling due in more than one year	13	(368,092,208)	(364,094,730)
Provisions for liabilities	14	(134,771,000)	(116,412,000)
Net assets		503,466,955	413,384,818
Capital and reserves			
Called up share capital	15	1,000	1,000
Profit and loss account		705,806,120	615,723,983
Merger reserve		(202,340,165)	(202,340,165)
Total equity		503,466,955	413,384,818

The financial statements on pages 7 to 28 were approved by the board of directors and authorised for issue on 24. 6. 2020 and are signed on its behalf by:



P A Hallam
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Investments	9	738,467,656	637,944,484
Current assets			
Debtors due within one year	11	86,585	121,217
Debtors due in more than one year	11	122,496,814	129,408,351
Cash at bank and in hand		15,809,652	15,396,796
		<u>138,393,051</u>	<u>144,926,364</u>
Creditors: amounts falling due within one year	12	(7,116,278)	(7,085,801)
Net current assets		<u>131,276,773</u>	<u>137,840,563</u>
Total assets less current liabilities		<u>869,744,429</u>	<u>775,785,047</u>
Creditors: amounts falling due in more than one year	13	(368,118,472)	(364,099,228)
Provisions for liabilities	14	(88,959,000)	(72,001,000)
Net Assets		<u>412,666,957</u>	<u>339,684,819</u>
Capital and reserves			
Called up share capital	15	1,000	1,000
Profit and loss account		(31,161,312)	(20,720,278)
Revaluation reserve		443,827,269	360,404,097
Total equity		<u>412,666,957</u>	<u>339,684,819</u>

The loss for the financial year dealt within the financial statements of the parent company was £10,441,034 (2018: £7,407,303). The company's total comprehensive income for the year was a profit of £72,982,138 (2018: loss £24,539,673).

The financial statements on pages 7 to 28 were approved by the board of directors and authorised for issue on 24.6.2020 and are signed on its behalf by:



P A Hallam
Director

DELLMES GR LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital £	Merger reserve £	Profit and loss account £	Total £
Balance at 1 January 2018	1,000	(202,340,165)	643,446,650	441,107,485
Loss and total comprehensive income for the year	-	-	(27,722,667)	(27,722,667)
Balance at 31 December 2018	1,000	(202,340,165)	615,723,983	413,384,818
Profit and total comprehensive income for the year	-	-	90,082,137	90,082,137
Balance at 31 December 2019	1,000	(202,340,165)	705,806,120	503,466,955

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
Balance at 1 January 2018	1,000	377,536,467	(13,312,975)	364,224,492
Loss for the year	-	-	(7,407,303)	(7,407,303)
Other comprehensive income, net of tax: Fair value loss on subsidiary investments	-	(17,132,370)	-	(17,132,370)
Balance at 31 December 2018	1,000	360,404,097	(20,720,278)	339,684,819
Loss for the year	-	-	(10,441,034)	(10,441,034)
Other comprehensive income, net of tax: Fair value gain on subsidiary investments	-	83,423,172	-	83,423,172
Balance at 31 December 2019	1,000	443,827,269	(31,161,312)	412,666,957

DELLMES GR LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
OPERATING ACTIVITIES			
Cash generated from operations	16	11,230,946	11,683,049
Interest paid		(7,085,976)	(7,146,021)
Income tax paid		(114,351)	(591,151)
NET CASH FROM OPERATING ACTIVITIES		4,030,619	3,945,877
INVESTING ACTIVITIES			
Interest received		1,783	215
Proceeds from sale of investment properties		123,308	109,350
NET CASH FROM INVESTING ACTIVITIES		125,091	109,565
FINANCING ACTIVITIES			
Repayment of borrowings		-	(33,933,955)
(Repayment)/proceeds of related party borrowings		(3,742,854)	27,998,990
NET CASH USED IN FINANCING ACTIVITIES		(3,742,854)	(5,934,963)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		412,856	(1,879,523)
CASH AND CASH EQUIVALENTS AT START OF YEAR		15,396,796	17,276,319
CASH AND CASH EQUIVALENTS AT END OF YEAR		15,809,652	15,396,796

All amounts shown in cash at bank and in hand are restricted and payments are not able to be made without the prior approval of the secured lender.

DELLMES GR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

Company information

Dellmes GR Limited is a private company limited by shares, domiciled and incorporated in England. The address of the company's registered office and principal place of business is Berkeley House, 304 Regents Park Road, London, N3 2JX. The principal activity of the company during the year was that of acting as a holding company for subsidiary companies engaged in property investment and property dealing.

1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the investment properties at fair value.

With effect from 1 January 2019 the group has adopted the amendments to FRS 102 published in the Triennial Review 2017. There are no adjustments to the current or comparative period in relation to this amendment.

1.2 Basis of consolidation

The consolidated financial statements include those of the company and its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). During 2015 the group undertook a refinancing and restructuring exercise. As a result of this combination the ultimate equity holder of the undertaking remained the same and the rights of the equity holder relative to the others are unchanged. As a result of this the directors adopted the merger accounting method in accounting for the business combination.

Where merger accounting is used (due to group reconstruction), the results of all the combining entities are brought into the consolidated financial statements of the parent undertaking from the beginning of the year in which the combination occurred, adjusted so as to achieve uniformity of accounting policies. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Company reduced disclosure

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.4 Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income. The company's loss for the year was £10,441,034 (2018: £7,407,303) and total comprehensive income for the period was a profit of £72,982,138 (2018: £24,539,673 loss).

1.5 Going concern

In preparing the accounts on the going concern basis the directors have given consideration to the group's and the company's results for the period and the group's and the company's net asset positions.

The directors have taken into account the potential legislative changes disclosed in the critical accounting estimates and assumptions section of note 1.13 and believe that the group and company have adequate financial resources to continue as a going concern for the foreseeable future. This is on the grounds that the loan facility drawn down in 2015 is a 65 year fully amortising facility and there are reserves in place to ensure that the necessary liquidity is retained in the structure so that funds are available to meet debt service liabilities as they fall due for the upcoming 53 week period.

For the reasons disclosed in the post balance sheet events note on page 28 the directors do not believe the COVID-19 pandemic will have an impact on the group's ability to continue as a going concern.

1.6 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the company.

1.7 Turnover

Turnover comprises of rent receivable and other income arising from investment properties and the sale proceeds of trading stocks. Profit or loss on the sale of such properties is recognised on agreement of the sale. Deed of variation fee income is recognised at the point that the underlying leases are varied.

Rental income is recognised in accordance with the terms of the lease. Inflationary uplifts to rental income are recognised when received. Non-inflationary uplifts are also recognised when received as the directors are of the opinion that to recognise the impact of those uplifts on a straight line basis over such long term leases (up to 999 years) would not give a true and fair view as the period between recognition and actual collection would be of sufficient length to cause uncertainty over the value to be collected.

Turnover is recognised at the fair value of the consideration received or receivable for rental income charged to external customers and for the sale of property held as trading stocks to external customers in the ordinary nature of the business. Turnover is shown net of value added tax.

1.8 Investment properties

The group's holdings of freehold reversionary interests are classified as investment properties and are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available. Changes in fair value are recognised in the statement of comprehensive income.

These assets represent interests held in the freehold land on which third party developers have built and sold long leasehold properties. As such these assets generate income in the form of annual ground rents along with other ancillary fixed income streams.

Recognising the nature of these investment properties and the lack of a regular market for significant portfolios of such assets, the directors are of the opinion that the best approximation to fair value for these properties is provided by a discounted cash flow valuation of the income streams generated by these assets. The valuation of the entire freehold reversionary interest portfolio is undertaken by the directors based on periodic actuarial valuations carried out by a leading firm of third party actuarial consultants.

The directors also recognise, given the lack of a regular market for significant portfolios of such assets, that these fair values may not be realised should the Group seek to dispose of any or all of the investment properties.

Further details are given in note 8.

1.9 Investments

In the separate accounts of the company, investments in subsidiaries are initially measured at the cost of acquisition and subsequently measured at fair value. Changes in fair value are recognised in other comprehensive income.

The fair value of investments in subsidiary undertakings is measured having regard to the net asset value of those subsidiaries. The subsidiary undertakings are predominantly investment property companies and the properties are valued in accordance with the accounting policy stated above and using assumptions and valuation methodologies as set out in note 8. The directors therefore believe this is a suitable approximation to fair value while recognising that these fair values may not be realised should the company seek to dispose of any or all of its investments.

1.10 Stocks

Properties acquired with a view to resale are identified as trading stock and stated at the lower of cost and net realisable value. Cost comprises the cost of acquisition including directly attributable fees and expenses, excluding finance costs which are written off to the statement of comprehensive income.

1.11 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from profit before taxation because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

1.11 Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and profit before taxation that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allowed for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

1.12 Financial instruments (continued)

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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 group after deducting all of its liabilities.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.13 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

In preparing these financial statements, the directors have made estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investments

In the separate accounts of the company, the valuation of investments in subsidiaries is at fair value.

This valuation is inherently linked to the value of the underlying assets held by these subsidiaries. The valuation of these underlying assets is based on assumptions which may be affected by the potential changes in legislation discussed below, such that the underlying assumptions are no longer valid. The likelihood and impact of these legislative changes are too uncertain to enable the directors to reasonably estimate their impact on the asset valuation. Given this uncertainty, it is assumed that net asset value of the subsidiaries continues to represent the fair value of the investments held in subsidiaries holding these assets.

1.13 Critical accounting estimates and areas of judgement (continued)

Valuation of investment properties & stock

A key accounting estimate in preparing these financial statements relates to the fair value of the investment properties and the properties that are held for resale which are stated at cost, being deemed to be lower than the net realisable value. The group uses periodic external professional actuarial valuations as a basis for determining the directors' estimation of the fair value of the investment properties. However, the valuation of the group's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future prove not to be accurate, the risk of which is heightened due to the potential legislative changes noted below. Similarly, the directors' assessment of the net realisable value of the properties held for resale may, in future, materially deteriorate due to these potential legislative changes.

The Government, through the Department for Communities and Local Government, now known as the Ministry for Housing, Communities and Local Government (MHCLG) and the Competitions and Markets Authority (CMA), is undertaking a series of consultations on and reviews of the residential property market with a focus on the legal framework surrounding the freehold and leasehold classes of property interests. The implementation of legislative changes arising from these reviews could materially reduce the level of income generated by the portfolio of investment properties and properties held as stock.

The directors are of the view that the proposed changes would be very damaging to the residential property market and against the interests of consumers and other property owners. The directors have engaged actively in the consultations and with other stakeholders and interested parties in order to convey the group's opposition to the current proposals. Recent public announcements by government and in the Law Commission's report have recognised that any proposals to make wholesale reforms retrospectively pose real problems with respect to the contravention of human rights legislation. As such the impact of reforms will be greatest for future leases and not those already in existence.

An intrinsic element of the long-term forecasts is the continuing rental income and lease extension premiums generated by the property assets held by these subsidiaries. The potential legislative changes raised above may affect these forecasts to the extent that the underlying assumption is no longer valid.

Similarly, the group's debt service requirements are primarily dependent upon this continuing rental income and these potential legislative changes, if introduced in their current form, could affect the group's ability to meet its obligations in the long term.

However, the likelihood of the changes, as proposed in their current form, coming into effect is believed to be low and the financial consequences of any changes are too uncertain to enable the directors to reasonably estimate the impact of such changes on their forecasts. It is assumed that the current methodology continues to represent a fair value of these assets and that the group's ability to meet its long-term obligations is not compromised.

Further details of the valuation of the investment property are set out in note 8.

DELLMES GR LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019****1.13 Critical accounting estimates and areas of judgement (continued)***Current taxation*

In arriving at the tax charge for the year the directors have been required to consider legislation introduced by HMRC in respect of Corporate Interest Restrictions and restrictions on the use of losses from 1 April 2017.

These rules are complex and may have a material impact on the group's tax charge. The assumptions made by the directors are as follows. The directors have assumed that a restriction arising from the corporate interest restriction calculation of £Nil (2018: £3.1m final restriction) will be applied within the Ramchez GR Limited group. Total interest restrictions of £6.5m (2018: £6.5m final restriction) have been made to date and are available to carry forward against future profits of the wider Euro Investments Overseas Incorporated group. No deferred tax asset has been recognised in respect of the restricted corporate interest due to uncertainty of recovery.

Furthermore, the directors have assumed that no group relief (2018: £0.6m final claim for the group) will be available to claim in the Ramchez GR Limited group from parties external to that group. This assumption is based on estimates made by entities in the wider Euro Investments Overseas Incorporated group.

Whilst the directors believe their assumptions to be reasonable, the complex nature of the rules and their impact on the wider Euro Investments Overseas Incorporated group could mean the assumptions prove to be inaccurate.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

2. Turnover

	2019	2018
	£	£
Rent	7,411,668	7,681,826
Other operating income	3,265,429	2,378,287
Deed of variation fee and legal fee income	1,453,500	3,594,400
	<u>12,130,597</u>	<u>13,654,513</u>

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

During the prior year the group began varying leases with the "10-year doubling" rental uplift clauses to rental uplifts every 10 years calculated by reference to the RPI.

3. Interest receivable and similar income

	2019	2018
	£	£
Interest received from HMRC	<u>1,783</u>	<u>215</u>

DELLMES GR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

4. Interest payable and similar expenses

	2019	2018
	£	£
Secured loans (note 13)	12,735,814	12,999,118
Amortisation of finance costs	32,326	39,941
Related party interest (note 20)	2,120,796	522,513
Tax interest	175	-
	<u>14,889,111</u>	<u>13,561,572</u>

5. Profit/(loss) before taxation

	2019	2018
	£	£
The profit/(loss) before taxation is stated after charging:		
Auditor's remuneration:		
- Statutory audit of parent company and consolidated accounts	15,240	52,708
- Audit of subsidiaries	201,600	184,800
	<u>216,840</u>	<u>237,508</u>

6. Employees

There were no employees of the group or company during the year other than the directors. The directors, who are also considered to be key management personnel, are remunerated by the related party Fairhold Services Limited and this is recharged to the group as part of the management charge from Estates & Management Limited. This management charge, which in 2019 amounted to £1,025,134 (2018: £998,547) also includes a recharge of administration costs borne by Fairhold Services Limited on behalf of the group and it is not possible to identify separately the amount relating to the directors' remuneration.

7. Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax	-	690,382
UK corporation tax refund for prior years	-	(152,035)
Tax losses sold to related party	-	(279,164)
Total current tax	<u>-</u>	<u>259,183</u>
Deferred tax		
Movement on potential chargeable gain liability	19,118,000	(5,565,000)
Movement in deferred tax on allowable losses	-	(1,240,000)
Adjustments in respect of prior periods	(759,000)	-
Total deferred tax	<u>18,359,000</u>	<u>(6,805,000)</u>
Total tax on profit/(loss)	<u>18,359,000</u>	<u>(6,545,817)</u>

DELLMES GR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

7. Taxation (continued)

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the effective rate of corporation tax in the UK 19.00% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) before tax	108,441,137	(34,268,484)
Profit/(loss) multiplied by the effective rate of corporation tax in the UK of 19.00% (2018: 19.00%).	20,603,816	(6,511,012)
Effects of:		
Effect of change in tax rate	-	-
Group relief given/(received) without charge	1,046,553	(285,000)
Corporate interest restriction	-	2,576,687
Fair value (gain)/loss on investment properties	(21,400,327)	6,269,568
Sale of tax losses to related party	-	(279,164)
Adjustments in respect of prior periods.	(759,000)	(152,035)
Movement in deferred tax on allowable losses	-	(1,240,000)
Movement on potential chargeable gain liability	19,118,000	(5,565,000)
Chargeable gain adjustments	-	979
Chargeable gains transferred to related parties	(250,042)	(670,359)
Tax losses (utilised)/carried forward	-	(690,481)
Tax expense/(credit)	18,359,000	(6,545,817)

The group has estimated non-trading losses totalling £20,521,345 (2018: £16,048,695), available to carry forward against future profits. A deferred tax asset has been recognised on these non-trading losses carried forward which has been used to reduce the provision for deferred tax in relation to the revaluation of investment properties (note 14).

8. Investment properties

	Freehold reversionary interests	
	2019 £	2018 £
Fair value		
As at 1 January	882,473,000	915,488,000
Disposals	(194,297)	(17,275)
Fair value gain/(loss)	112,633,297	(32,997,725)
As at 31 December	994,912,000	882,473,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

8. Investment properties (continued)

The investment properties represent a portfolio of freehold reversionary interests that generate ground rents as the principal income stream. The investment properties were valued on an actuarial basis by a leading firm of independent financial and actuarial consultants as at 31 December 2013. A subsequent interim actuarial valuation was undertaken as at 31 December 2017. The directors have reviewed the interim actuarial valuation as at 31 December 2017 and based on market changes in the intervening period, along with other known changes, have determined their own valuations at 31 December 2019 and 31 December 2018.

The directors, in carrying out their valuation at 31 December 2019, have reviewed the basis of the 31 December 2017 interim actuarial valuation and concluded that there have been changes in the key valuation drivers since the interim actuarial valuation. Accordingly, the directors had assessed these changes to the valuation drivers and, based on the sensitivities noted in the 2017 interim valuation, consider the updated valuation of the investment properties of £994,912,000 at 31 December 2019 (2018: £882,473,000) is appropriate for adoption for the purposes of these financial statements.

The basis of the most recent independent valuation performed on an actuarial basis was to project risk adjusted income streams generated by the portfolio over 150 years discounted by a risk-free rate of return.

The principal assumptions used in the independent actuarial valuation were:

RPI basis for inflation assumptions	- implied inflation vector taken from the Bank of England website;
Residential property inflation	- derived from market rental yields as found in the ARLA report and the UK Government gilt curve;
Risk free discount rate	- a series of rates reflecting the UK government gilt curve as applicable to each cash flow date;
Taxation	- no allowance has been made for taxation in projecting the future revenue flow;
Incidence rates for lease extensions and the price charged	- historic incidence rates and FTT valuation;
Leases with "10-year doubling" rental uplift clauses	- all such leases have been rebased to uplift clauses linked to the RPI. Expected deed of variation fee receipts will offset reduced rental income.

The assumption with the most significant impact on the valuation is the discount rate used. Per the 31 December 2017 interim actuarial valuation, a 50-basis point increase or decrease in this rate reduces or increases the valuation by 19% and 26% respectively and it is predominately the movement in this rate that has caused the change in the underlying value during the current year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

8. Investment properties (continued)

During the year, deed of variation fees have been received of £1,453,500 (2018: £3,594,400), as shown in note 2, for varying certain leases with the "10-year doubling" rental uplift clauses to rental uplifts every 10 years calculated by reference to the RPI. As these amounts included within turnover have now been realised, the future expected income streams which form the basis of the investment property valuation have reduced by these amounts.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Freehold reversionary interests	
	2019	2018
	£	£
Cost	138,752,868	138,786,833

The group's investment property is subject to a debenture and charge in connection with a guarantee provided by the company in respect of the indebtedness of the holding company and other related parties (see note 18).

9. Investments

Company	Shares in subsidiary undertakings
	£
Fair value	
As at 1 January 2019	637,944,484
Fair value gain	100,523,172
As at 31 December 2019	738,467,656

Investments are valued in accordance with the accounting policy stated in Note 1.9.

If investments were stated on a historical cost basis rather than a fair value basis the amounts would be included as follows:

	Shares in subsidiary undertakings	
	2019	2018
	£	£
Cost	203,840,387	203,840,387

The base cost for tax purposes of the above investments is lower than the historic cost stated in these accounts as the investments were acquired from associate companies.

DELLMES GR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

9. Investments (continued)

The company's subsidiary undertakings are:

Name	Class of Holding	Proportion held	Nature of business
Bradmooss Limited	Ordinary	100%	Property investment
CG Three Limited	Ordinary	100%	Property investment
Danecarr Limited	Ordinary	100%	Property investment
Fairhold Apollo Limited	Ordinary	100%	Property investment
Fairhold Artemis Limited	Ordinary	100%	Property investment
Fairhold Athena Limited	Ordinary	100%	Property investment
Fairhold Atlas Limited	Ordinary	100%	Property investment
Fairhold Freeholds No.2 Limited	Ordinary	100%	Property investment
Fairhold Homes (No.16) Limited	Ordinary	100%	Property investment
Fairhold Homes (No.17) Limited	Ordinary	100%	Property investment
Fairhold Homes (No.18) Limited	Ordinary	100%	Property investment
Fairhold Homes (No.19) Limited	Ordinary	100%	Property investment
Fairhold Properties No.5 Limited	Ordinary	100%	Property investment
Fairhold Properties No.6 Limited	Ordinary	100%	Property investment
Fairhold Properties No.7 Limited	Ordinary	100%	Property investment
Freehold Properties 25 Limited	Ordinary	100%	Property dealing
Freehold Properties 26 Limited	Ordinary	100%	Property dealing
Hadham Securities 4 Limited	Ordinary	100%	Property investment
Lylecraft Limited	Ordinary	100%	Property investment
Parkbrace Limited	Ordinary	100%	Property investment
Reversions Limited	Ordinary	100%	Property dealing
Roswall Limited	Ordinary	100%	Property investment
Rowan Finance Limited	Ordinary	100%	Property investment
Rowan Land Limited	Ordinary	100%	Property investment
Samnas Limited	Ordinary	100%	Property investment
Sendtour Limited	Ordinary	100%	Property investment
Theowal Limited	Ordinary	100%	Property investment
Victoria Investments No.2 Limited	Ordinary	100%	Property investment

The subsidiary companies are incorporated and have their place of business in England. Their registered office is Berkeley House, 304 Regents Park Road, London, N3 2JX.

10. Stock

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Properties held for resale	2,451,437	-	2,451,437	-

DELLMES GR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

11. Debtors	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Amounts due within one year:				
Trade debtors	459,103	-	539,198	-
Cash in transit	53,347	53,347	87,891	87,891
Amounts owed by parent undertaking	1,000	1,000	1,000	1,000
Prepayments and accrued income	163,362	-	348,943	-
Refinance costs	32,238	32,238	32,326	32,326
Corporation Tax	15,120	-	-	-
Other debtors	41,727	-	498	-
	<u>765,897</u>	<u>86,585</u>	<u>1,009,856</u>	<u>121,217</u>
Amounts due in more than one year:				
Amounts owed by group undertakings	-	120,619,443	-	127,498,742
Refinance costs	1,877,371	1,877,371	1,909,609	1,909,609
	<u>1,877,371</u>	<u>122,496,814</u>	<u>1,909,609</u>	<u>129,408,351</u>
	<u>2,643,268</u>	<u>122,583,399</u>	<u>2,919,465</u>	<u>129,529,568</u>

The amounts owed by group undertakings is due for repayment five years after the termination date of the secured loan held by the company, which is in 2085. Interest is charged at 6-month Libor +2.4%.

12. Creditors: amounts falling due within one year

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Secured loans (note 13)	7,116,278	7,116,278	7,085,801	7,085,801
Corporation tax	-	-	99,231	-
Accruals and deferred income	2,369,916	-	2,164,118	-
	<u>9,486,194</u>	<u>7,116,278</u>	<u>9,349,150</u>	<u>7,085,801</u>

13. Creditors: amounts falling due in more than one year

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Secured loans	341,471,927	341,471,927	335,852,391	335,852,391
Amounts owed to related parties	26,620,281	26,620,281	28,242,339	28,242,339
Amounts owed to group undertakings	-	26,264	-	4,498
	<u>368,092,208</u>	<u>368,118,472</u>	<u>364,094,730</u>	<u>364,099,228</u>

DELLMES GR LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019****13. Creditors: amounts falling due in more than one year (continued)**

The loan is secured on the group's property holdings and is supported by unlimited guarantees given by the subsidiary undertakings who own those properties.

The secured loan and associated interest charges are repayable by annual instalments in January each year. Instalments are calculated based on 95% of the forecast annual ground rents adjusted for realised RPI collected by the group. An effective interest rate is calculated to amortise the loan over its expected term of 65 years, based on projected ground rent cash flows over the term of the loan. Based on current projections the effective interest rate is estimated at 3.79% (2018: 3.94%). The loan terminates on 3 January 2080.

The instalment payable in January 2020 of £7.1m (January 2019: £7.1m) is shown as amounts falling due within one year. The total cash payments expected to be made in years two to five are projected at £29.1m (2018: £28.8m). During the prior year an additional partial repayment was made of £33.9m as part of a wider refinancing undertaken by related parties.

The amounts due to related parties is due for repayment in 2085. Interest is charged at a fixed rate of 8%.

The amounts owed to group undertakings are due for repayment five years after the termination date of the secured loan, which occurs in 2080. Interest is charged at 6-month Libor +2.4%.

14. Provisions for liabilities

Group	Deferred tax £	
1 January 2019		116,412,000
Increase in provision for the year		18,359,000
31 December 2019		<u>134,771,000</u>
Provision for deferred tax has been made as follows:		
	2019 £	2018 £
Deferred tax arising on assets measured at fair value	138,259,000	119,141,000
Tax losses available	(3,488,000)	(2,729,000)
	<u>134,771,000</u>	<u>116,412,000</u>
Company	Deferred tax £	
1 January 2019		72,001,000
Increase in provision for the year		16,958,000
31 December 2019		<u>88,959,000</u>

DELLMES GR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

14. Provisions for liabilities (continued)

Provision for deferred tax has been made as follows:

	2019 £	2018 £
Deferred tax arising on assets measured at fair value	90,800,000	73,700,000
Tax losses available	(1,841,000)	(1,699,000)
	<u>88,959,000</u>	<u>72,001,000</u>

15. Share capital and reserves

Company share capital

	2019 £	2018 £
Allotted, issued and fully paid: 1,000 ordinary shares of £1	<u>1,000</u>	<u>1,000</u>

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

The refinancing agreement restricts Dellmes GR Limited from paying dividends, redeeming any of its own share capital, or from repaying any subordinated debt without approval from the financiers.

Reserves

Reserves of the group represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

Merger reserve

Merger reserve required for the accounting treatment for historic acquisitions and restructuring.

Reserves of the company represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

Revaluation reserve

Cumulative gains and losses, net of deferred tax, on subsidiary investments.

DELLMES GR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

16. Reconciliation of profit/(loss) after tax to net cash generated from in operations

	2019 £	2018 £
Profit/(loss) after tax	90,082,137	(27,722,667)
Adjustments for:		
Fair value (gain)/loss on investment properties	(112,633,297)	32,997,725
(Profit)/loss on disposal of investment properties	70,989	(84,583)
Interest receivable	(1,783)	(215)
Interest payable	14,889,111	13,561,572
Taxation	18,359,000	(6,545,817)
Operating cash flows before movement in working capital	<u>10,766,157</u>	<u>12,206,015</u>
Decrease/(increase) in debtors	258,991	(400,825)
Increase/(decrease) in creditors	205,798	(122,141)
	<u><u>11,230,946</u></u>	<u><u>11,683,049</u></u>

Consolidated analysis of changes in net debt:

	1 January 2019 £	Non Cashflow Movements £	Cashflows £	31 December 2019 £
Cash at bank and in hand	15,396,796	-	412,856	15,809,652
Debt due within 1 year:				
Secured loans	(7,085,801)	(7,116,278)	7,085,801	(7,116,278)
Debt due after 1 year:				
Secured loans	(335,852,391)	(5,619,536)	-	(341,471,927)
Amounts owed to related parties	(28,242,339)	(2,120,796)	3,742,854	(26,620,281)
Net debt	<u><u>(355,783,735)</u></u>	<u><u>(14,856,610)</u></u>	<u><u>11,241,511</u></u>	<u><u>(359,398,834)</u></u>

18. Guarantees

The company and its subsidiaries have given an unlimited guarantee in respect of some of the indebtedness. The guarantee is supported by a debenture and a charge over the group's property holdings including the group's investment properties and properties held as stock. At 31 December 2019 the total loan amount outstanding subject to that guarantee was £348.6m (2018: £342.9m). Interest payable on this balance outstanding at 31 December 2019 totalled £37.7m (2018: £32.1m).

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other participating group undertakings' unpaid debts in this connection.

19. Immediate parent company, ultimate parent company and ultimate controlling party

Ramchez GR Limited is the immediate parent, which is domiciled and incorporated in England and Wales, and is the largest and smallest group for which consolidated accounts including Dellmes GR Limited are prepared. Copies of the financial statements are available from Companies House, Crown Way, Cardiff CF14 3UZ.

The directors regard the ultimate holding company to be Euro Investments Overseas Incorporated, a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

DELLMES GR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

20. Related party transactions

The group and company owed the following amounts to related parties related by virtue of common control and common directors:

	2019 £	2018 £
Mertola GR Limited	(26,620,281)	(28,242,339)

The group and company paid interest on these balances of £2,120,796 (2018: £522,513) on amounts outstanding during the period.

During the year the group was charged management fees of £1,025,134 (2018: £998,547) by Estates & Management Limited, a related party related by virtue of common control and common directors.

Legal fees of £66,500 (2018: £155,400) were charged to the group by Estates & Management Limited, a company related by virtue of common control and directors, in relation to the deeds of variation processed in the year. £6,300 (2018: £14,000) of this has been included in accruals and deferred income at the balance sheet date.

During the year, an amount of £Nil (2018: £279,164) was received by the group and company in respect of group relief for taxation from Interphone Limited a related party by virtue of common control. At the year-end a balance of £Nil (2018: £Nil) was outstanding in respect of group relief.

21. Post balance sheet events

In March 2020, the COVID-19 pandemic broke in the UK. This event has not impacted on the group's performance for the year ended 31 December 2019 or its financial position at 31 December 2019.

The current situation is unprecedented and the wider economic impact is uncertain. However, the directors are of the view that because of the very long-term nature of the group's financing structures and the nature of its core income, being a large number of small ground rent receipts, the impact on the group is likely to be minimal.