Company Registration No. 09417510

TRENPORT PROPERTY HOLDINGS LIMITED

Annual Report and Group financial statements

for the year ended 30 June 2021

TRENPORT PROPERTY HOLDINGS LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
For the year ended 30 June 2021

DIRECTORS

A S Barclay
H M Barclay
R J Hall
P L Peters

COMPANY NUMBER

09417510

REGISTERED OFFICE

2nd Floor
14 St George Street
London
W1S 1FE

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

TRENPORT PROPERTY HOLDINGS LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
For the year ended 30 June 2021

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STRATEGIC REPORT

The directors present their Strategic report of Trenport Property Holdings Limited ("the company" or "TPHL") and its subsidiaries ("the group") for the year ended 30 June 2021.

The directors in preparing this Strategic Report have complied with s414c of the Companies Act 2006.

Principal activities

The company holds investments in subsidiaries whose main business activities are property management, investment, development and trading.

Review of the business

This set of consolidated financial statements for the year ended 30 June 2021 has been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time, having transitioned to IFRS. The company has transitioned from FRS 102 to United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". The effect of this transition has been to increase the consolidated net profit by an amount of £1.0m in 2020. There was no restatement impact from the change in standards applied by the company. The impact of the transition adjustments on the group are further explained in note 26.

Throughout the current financial year, the market for investment property generally and industrial property in particular remained very strong with excellent prospects going forward. Demand for online products continues to strengthen, which has led to an increasing demand for the delivery services provided by tenants of the existing property portfolio whilst the high quality retailers have continued to be able to meet their lease obligations.

The Consolidated Statement of Comprehensive Income for the year is set out on page 12. The group and company's Statement of Financial Position are set out on pages 13 and 15 respectively.

A key performance measure for the business is profit before tax. The profit before tax for the year was £25.7m (2020: £13.0m). The profit and total comprehensive income for the year of £29.9m (2020: £10.8m) has been transferred to reserves. The main reason for the increase in profit was due to increased revenue of £30.9m (2020: £15.1m) of which £13.0m related to sale of land used for development.

Another key performance indicator is the net asset position of the group. The net asset value at 30 June 2021 was £172.6m (2020: £159.6m, 2019: £148.8m).

On 31 March 2021, a property owned in Worcester was sold for £23.3m resulting in a loss of £0.8m. On 25 June 2021, a property owned at East Midlands Gateway was sold for £100.5m resulting in a profit of £16.6m. Both of these properties were previously held as tangible non-current assets and the net gain on disposal is shown in the Consolidated Statement of Comprehensive Income for the current year.

At 30 June 2021 properties held by the group, as investment properties or stock held for resale, were independently valued or were valued by directors. This revaluation exercise resulted in a net increase in the valuation of investment properties of £5.2m (2020: £17.3m) which is shown within operating profit for the current year. Stock is held at the lower of cost or net realisable value.

Principal risks and uncertainties

The management of the business and execution of the group's strategy are subject to a number of risks. The principal trading risks are the recoverable value of the group's property portfolio, the continuation of future rental streams from these properties and the uncertainties affecting the process and time taken to meet all planning regulations in order to bring development land to market. This is mitigated through regular review of the property portfolio by the directors.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

The other major risks include:

- The ongoing macro-economic impact of transitional Brexit arrangements, and in particular the effect that this has on the ability of the company and group to continue its activities especially in the development of its housing portfolio, where resources may be negatively affected;

- The continuing impact of the Covid pandemic, from which there is the continued risk that further lockdowns may occur. Employees within the company and the group have now been set up with the ability to work from home, to reduce the impact on staff resourcing of future lockdowns, however, these lockdowns may still negatively affect supplies of goods and services to the group and potentially the financial standing of our tenants.

Although these risks are ongoing, management believe that the risks and uncertainties associated with them will not have a material impact on the company or the group.

The group's property activities expose it to a variety of financial risks, including credit risk, liquidity risk and interest rate and cash flow risk. The group's overall financial risk management objective is to minimise the potential adverse effects on the financial performance of the group.

(a) Credit risk

Credit risk arises from the cash streams of the property portfolios which it owns and manages. The amounts presented in the group Statement of Financial Position are net of allowances for doubtful receivables, estimated on prior experience and assessment of the current economic climate. The rental income earned from third parties is not material, and provision is made as soon as there is a credible risk of non-payment of a receivable.

(b) Liquidity risk

The group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funding requirements for working capital. The group has debt facilities that are designed to ensure it has sufficient available funds for operations and planned expansions.

(c) Interest rate and cash flow risk

The group has interest bearing liabilities which consist of external loan commitments.

(d) Foreign currency risk management

The group undertakes certain transactions denominated in a foreign currency. Hence, exposures to exchange rate fluctuations arise. It is not the policy of the group to enter into forward foreign exchange contracts to cover the specific foreign currency payments nor the foreign currency loan exposure.

The risks arising from the terms on which the United Kingdom withdrew from the European Union and the effects of the covid pandemic, and their potential implications on the company's trade, customers, suppliers and the wider economy, are regularly assessed by management. These risks and their impacts are manageable and the business has successfully dealt with challenges to date.

Future outlook

The directors remain confident on the trading outlook of the investment and development properties and land owned by the business.

STRATEGIC REPORT (continued)

Going concern

As referred to in the accounting policies, the directors have concluded that the group and company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.

In determining whether the group and company's accounts can be prepared on a going concern basis, the directors considered the group and company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities. These have been appraised in the light of the uncertainty in the current economic climate, with particular regard to the potential impact of the ongoing Covid-19 pandemic and the transitional Brexit regulations on material and other supply chains, prices and potential disruptions.

The demand for residential homes outside of London and residential housing developments has also remained very strong. The group is developing land that it owns, and despite the increase in the prices of raw materials, these projects are still due to be delivered within the projected time frame, in line with cost budget and at a good profit.

The directors are satisfied that the current financial plans are deliverable and will enable the group to continue to meet its liabilities as they fall due in the foreseeable future and for a period of at least 12 months subsequent to approval of the financial statements. A full risk analysis has been carried out against the current financial plans and the directors consider that the existing plans are robust and deliverable.

Approved and authorised for issued by the board, and signed on its behalf by:

R J Hall
Director
3 December 2021

DIRECTORS' REPORT

This report contains the statutory information disclosed in addition to that set out in the separate Strategic report. Information relating to the future development of the business, principal risk and uncertainties, financial risk management and going concern which would otherwise be included in the Directors' Report, are included in the Strategic report.

This set of consolidated financial statements for the year ended 30 June 2021 has been prepared in accordance with International Financial Reporting Standards (IFRSs). The company has transitioned from FRS 102 to FRS 101 during the current financial year and as such the company financial information for the year ended 30 June 2020 has been restated to be prepared in accordance with FRS 101. The effect of this transition has been to increase the net profit by an amount of £1m in 2020. The impact of the restatement is explained in note 26.

Directors

The directors, who served throughout the year and up to the date of the signing of the financial statements, except as noted, were as follows:

A S Barclay	
H M Barclay	
R J Hall	
C D Hall	resigned 31 July 2020
N J Hopper	resigned 31 July 2021
S Heycock	resigned 30 June 2021
P L Peters	

Directors indemnities

The parent company, Shop Direct Holdings Limited, has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Dividends

The company declared and paid a dividend of £16.9m during the year (2020: £nil). This amounts to a dividend per share of £0.135. No dividends have been proposed after the year end.

Elective resolutions

The company has passed elective resolutions to dispense with the holding of annual general meetings and for the laying of the annual report and financial statements before the company in general meetings, until such time as the elections are revoked.

Future developments

Future developments are discussed within the 'Future outlook' section of the Strategic Report on page 2.

Political contributions

There were no political contributions in the year (2020: £nil).

Employees' involvement

The company and group have continued to maintain the commitment to employee involvement throughout the business. Employees are kept well informed of the performance and objectives of the company and group through personal briefings, regular meetings and e-mail.

DIRECTORS' REPORT (continued)

Equal opportunities

The company and group are committed to an active equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement.

It is the group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

Sustainability

The group is mindful of the need and impact of sustainability on the built environment and the Companies' assets. Environmental Regulation, risk and impact on both rental and capital values are considerations for the businesses.

The company maintains Energy Performance Certificates for each of its premises and has and continues to improve energy efficiency and de-carbonising through insulation, modernising electrical installations, removing oil fired systems and tanks and asbestos removal.

Flood and contamination risks are always a consideration during acquisition and sites are managed to reduce such risks whether that be through measures such as attenuation of run-off or ground remediation.

The group's development companies believe that good environmental management is integral to generating good profit in addition to being necessary to meet statutory requirements. The Town and Country planning process regularly requires full Environmental Impact Assessments detailed flood risk analysis and mitigation and site remediation and risk management for assets and human health.

Premises are designed to satisfy increasingly demanding building regulation codes for sustainable construction and additional industry standards such as BREEAM are met generally building to "Very Good".

The businesses are mindful of the requirement for continuous improvement and have an ongoing development of new unit types using the latest material technology, construction methods, waste management, new electrical and mechanical systems including the shift to electric vehicles and from gas to electric for sources of heat and assessment of occupational costs.

The businesses also invest in environmental conservation and in particular with local Wildlife Trusts.

The administrative company, St James Street Property Management Limited, is very aware of the objectives of the operating companies' drive to environmental excellence and the impact and potential of climate change on the group's assets.

Office energy consumption is expected to fall as we move to smaller premises and "working from home" has reduced carbon production from commuting. Single use plastics are being eliminated where possible and office waste is separated and where possible, recycled.

Statement to disclose information to the auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)

Auditor

Deloitte LLP have indicated their willingness to continue in office pursuant to section 487 of the Companies Act 2006.

Events after the Statement of Financial Position date

On 15 October 2021, a parcel of land held by a subsidiary company, Trenport Investments Limited, and treated as inventory, was sold in the open market for £25.5m, which will be recognised in the year ending 30 June 2022.

Approved and authorised for issue by the Board, and signed on its behalf by

R J Hall
Director
3 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have elected to prepare company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing the parent company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRENPORT PROPERTY HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Trenport Property Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's profit for the year then ended;
- the group's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 group's and parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRENPORT PROPERTY HOLDINGS LIMITED (continued)

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 within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the group's industry and its control environment, and reviewed the group'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 frameworks that the group 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, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRENPORT PROPERTY HOLDINGS LIMITED (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- Valuation of investment property: We challenge the principal assumptions used to derive the open market value through a number of procedures. These include the review of equivalent yields against market rates, challenge of methodology, substantive testing of committed rent receivable and the assessment of disposals against fair values held.
- Valuation of property held as stock: At any point in time, the company holds significant levels of inventory, including work in progress. The significant risk has been pinpointed to ensuring the inventory is correctly stated at the lower of cost and net realisable value. We have challenged these valuations with reference to external benchmarks and market conditions to ensure the inventory is correctly stated at the lower of cost and net realisable value.
- *Onerous Lease Provision: We have challenged the accuracy and completeness of the provision for onerous leases* in Old Hall Street via agreement to underlying signed lease agreements. We have independently recalculated the onerous lease provision based on these signed lease agreements.

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 and external legal counsel 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.*

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRENPORT PROPERTY HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Rachel Argyle

Rachel Argyle (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
3 December 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2021 £'m**	2020 £'m
Revenue	*1*	**29.0**	15.4
Cost of sales		**(8.3)**	(2.0)
Gross profit		**20.7**	13.4
Administrative expenses		**(11.0)**	(12.1)
Revaluation of investment properties and land & buildings	*6*	**5.2**	17.3
Operating profit		**14.9**	18.6
Profit on disposal of non-current assets		**15.9**	2.0
Finance income	*17*	**0.4**	0.4
Finance costs	*3*	**(5.5)**	(8.0)
Profit before tax	*2*	**25.7**	13.0
Tax on profit	*5*	**4.2**	(2.2)
Profit for the year from continuing operations		**29.9**	10.8
Other comprehensive income/(expense)			
Revaluation of property, plant and equipment		**-**	-
Deferred tax on revaluation		**-**	-
Profit and total comprehensive income for the financial year		**29.9**	10.8

The above results were derived from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2021 £'m	2020 £'m	2019 £'m
Non-current assets				
Tangible assets	6	**104.5**	223.4	165.0
Right of use asset	7	**1.9**	2.2	-
Intangible assets	8	**-**	0.1	0.2
Trade and other receivables	9	**128.0**	124.7	114.2
		234.4	350.4	279.4
Current assets				
Inventories	11	**26.5**	30.9	31.1
Trade and other receivables	9	**7.9**	17.9	32.6
Deferred tax asset	19	**0.1**	-	-
Cash at bank		**10.3**	10.6	9.7
		44.8	59.4	73.4
Current liabilities				
Bank and other borrowings	13	**(9.9)**	(16.1)	(17.7)
Trade and other payables	12	**(26.5)**	(52.4)	(42.4)
Lease liabilities	17	**(1.5)**	(1.8)	-
		(37.9)	(70.3)	(60.1)
Net current assets/(liabilities)		**6.9**	(10.9)	13.3
Total assets less current liabilities		**241.3**	339.5	292.7
Non-current liabilities				
Bank and other borrowings	13	**(53.2)**	(157.4)	(134.3)
Provisions	18	**(4.1)**	(5.2)	(9.5)
Lease liabilities	17	**(11.4)**	(13.2)	-
Deferred tax liability	19	**-**	(4.1)	(0.1)
		(68.7)	(179.9)	(143.9)
Net assets		**172.6**	159.6	148.8
Capital and reserves				
Share capital	20	**124.9**	124.9	124.9
Merger reserve	20	**(24.5)**	(24.5)	(24.5)
Other reserves	20	**19.0**	19.0	19.0
Revaluation reserve	20	**4.3**	4.3	4.3
Profit and loss account	20	**48.9**	35.9	25.1
Total shareholders' funds		**172.6**	159.6	148.8

The financial statements for Trenport Property Holdings Limited, company number 09417510 are presented on pages 12 to 49 and were approved and authorised for issue by the Board of Directors on 3 December 2021 and were signed on its behalf by:

R J Hall
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'m	Merger reserve £'m	Other reserves £'m	Revaluation reserve £'m	Profit and loss account £'m	Total equity £'m
As at 30 June 2019	**124.9**	**(24.5)**	**19.0**	**4.3**	**25.1**	**148.8**
Changes on transition to IFRS	-	-	-	-	-	-
As at 1 July 2019 as restated	**124.9**	**(24.5)**	**19.0**	**4.3**	**25.1**	**148.8**
Profit and total comprehensive income for the financial year	-	-	-	-	10.8	10.8
As at 30 June 2020	**124.9**	**(24.5)**	**19.0**	**4.3**	**35.9**	**159.6**
Profit and total comprehensive income for the financial year	-	-	-	-	**29.9**	**29.9**
Dividends paid	-	-	-	-	**(16.9)**	**(16.9)**
As at 30 June 2021	**124.9**	**(24.5)**	**19.0**	**4.3**	**48.9**	**172.6**

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	**2021 £'m**	2020 £'m	2019 £'m
Non-current assets				
Investments	*10*	**306.8**	306.8	308.0
Trade and other receivables	*9*	**123.4**	118.3	114.2
		430.2	425.1	422.2
Current assets				
Trade and other receivables	*9*	**26.1**	-	25.8
Current liabilities				
Trade and other payables	*12*	**(251.4)**	(316.0)	(334.6)
Net current liabilities		**(225.3)**	(316.0)	(308.8)
Total assets less current liabilities being net assets		**204.9**	109.1	113.4
Capital and reserves				
Called up share capital	*20*	**124.9**	124.9	124.9
Profit and loss account	*20*	**80.0**	(15.8)	(11.5)
Total shareholders' funds		**204.9**	109.1	113.4

The company reported a profit for the financial year ended 30 June 2021 of £112.7m (2020: loss of £4.3m).

The financial statements for Trenport Property Holdings Limited, company number 09417510 are presented on pages 15 to 49 and were approved and authorised for issue by the Board of Directors on 3 December 2021 and were signed on its behalf by:

R J Hall
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'m	Profit and loss account £'m	Total equity £'m
As at 1 July 2019	**124.9**	**(11.5)**	**113.4**
Loss for the financial year and total comprehensive expense	-	(4.3)	(4.3)
Balance at 30 June 2020	**124.9**	**(15.8)**	**109.1**
Profit for the financial year and total comprehensive income	-	112.7	112.7
Dividends paid	-	(16.9)	(16.9)
Balance at 30 June 2021	**124.9**	**80.0**	**204.9**

CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit for the year to net cash outflow from operating activities

	2021 £'m	2020 £'m
Profit for the financial year	**29.9**	10.8
Depreciation	**6.3**	2.7
Amortisation of intangible non-current assets	**-**	0.1
Revaluation of investment properties and land and buildings	**(5.2)**	(17.3)
Profit on disposal of non-current assets	**(15.9)**	(2.0)
Impairment of trading stock	**-**	3.4
Rent/lease incentives	**-**	(1.2)
(Decrease)/increase in lease provisions	**(1.1)**	(5.9)
Finance costs	**5.1**	7.6
Taxation	**(4.2)**	2.2
Operating cash flow before movement in working capital	**14.9**	0.4
Decrease/(increase) in inventories	**4.7**	(3.2)
Decrease/(increase) in trade and other receivables	**5.2**	(6.0)
(Decrease)/increase in trade and other payables	**(6.8)**	17.3
	18.0	8.5
Interest paid	**(13.8)**	(2.4)
Cash inflow from operating activities	**4.2**	6.1

CONSOLIDATED CASH FLOW STATEMENT (Continued)

	2021		2020	
	£'m	£'m	£'m	£'m
Net cash (absorbed in)/generated from operating activities	4.2		6.1	
Taxation paid	-		(0.5)	
Net cash flows from operating activities		4.2		5.6
Cash flow from investing activities:				
Purchase of tangible non-current assets	-		(19.0)	
Purchase of intangible non-current assets	-		-	
Cash acquired from subsidiary	-		1.0	
Proceeds from sale of properties	121.9		4.1	
Net cash used in investment activities		121.9		(13.9)
Cash flows from financing activities:				
Increase in borrowings	-		10.4	
Repayment of borrowings	(108.7)		-	
Receipts from subleases	1.8		1.5	
Payment of lease liabilities	(2.6)		(2.7)	
Dividends paid	(16.9)		-	
Net cash from financing activities		(126.4)		9.2
Net (decrease)/increase in cash at bank and in hand		(0.3)		0.9
Cash and cash equivalents at beginning of year		10.6		9.7
Cash and cash equivalents at end of year *		10.3		10.6

* Cash and cash equivalents is cash held at bank.

NOTES TO THE FINANCIAL STATEMENTS

Company information

Trenport Property Holdings Limited is a private company limited by shares and incorporated, registered and domiciled in England and Wales under the Companies Act 2006 with a company registration number 09417510. The registered office is 2nd Floor, 14 St George Street, London, W1S 1FE.

The principal activities of the company and its subsidiaries are set out in the strategic report on page 1.

Accounting policies

The group has transitioned to IFRS during the current financial year and as such the financial information for the year ended 30 June 2020 and the opening balance sheet at 30 June 2019 have been restated to be prepared in accordance with IFRS.

In preparing its opening IFRS balance sheet, the group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 (FRS 102). An explanation of how the transition from FRS 102 to IFRS has affected the group's financial position, financial performance and cash flow is set out in note 26.

The accounting policies set out below have been applied in preparing these financial statements and comparative information and in the preparation of an opening IFRS balance sheet at 30 June 2019.

Statement of compliance

The group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The company has elected to prepare its parent company financial statements in accordance with FRS 101.

Summary of significant accounting policies and key accounting estimates

The significant accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation

The group financial statements are prepared on the going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and therefore comply with Article 4 of EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

The financial statements are drawn up to the Saturday nearest to 30 June, or to 30 June where this falls on a Saturday.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

New and revised standards and interpretations effective

The Group has applied the following standards, interpretations and amendments with effect from 28 June 2020:

- Amendments to IFRS 3, Business combinations
- Amendments to IAS 1, Presentation of financial statements, and IAS 8, Accounting policies, changes in accounting estimates and errors
- Amendments to IFRS 9, IAS 39 and IFRS 7
- Amendments to references to the Conceptual framework in IFRS standards

The changes listed above did not result in material changes to the Group's Consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Accounting Policies (continued)

New standards, interpretations and amendments not yet effective

A number of new standards and interpretations have been issued but are not yet effective for the group. These standards are either not expected to have a material effect on the Consolidated Financial Statements or they are not currently relevant for the group.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. Intragroup sales and profits are eliminated on consolidation. As permitted by section 408 of the Companies Act 2006, no separate statement of comprehensive income of the company is presented in respect of the parent company. The profit (2020: loss) attributable to the parent company is disclosed in the footnote to the company's Statement of Financial Position.

The financial statements have been prepared to meet the overriding requirements under section 404 of the Companies Act 2006 for financial statements to present a true and fair view. Under merger accounting the results of the subsidiaries are combined from the beginning of the comparative period before the merger occurred. Consolidated Statement of Comprehensive Income and Statement of Financial Position comparatives are restated on a combined basis and adjustments made to achieve consistency of accounting principles.

Going Concern

In determining whether the group's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities. These are set out within the Strategic report and the Report of the directors.

Based on the company's cash flow forecasts, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for at least twelve months from the signing of the accounts. Accordingly, they continue to adopt the going concern basis in the preparation of the Annual report and financial statements.

Further details can be found in the Strategic Report.

Revenue recognition

Property revenue, which excludes value added tax, represents sales of agricultural, residential and commercial land and buildings and rental income. Revenue is recognised, for rental income earned on an accruals basis over the lease term and for property disposals on unconditional completion of contracts.

Operating profit

Operating profit is stated after exceptional costs but before profit on disposal of non-current assets, finance income and finance costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Accounting policies (continued)

Foreign currency transactions and balances

The group does not trade speculatively in foreign currency; foreign currency is held purely to satisfy payments to suppliers, primarily for goods for resale.

Foreign currency purchases are expressed in Sterling at the exchange rate fixed at the point of purchase (the contract rate). At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Investment in subsidiaries and joint ventures

Investment in subsidiaries and joint ventures is stated at cost plus incidental expenses less provision for impairment. Joint ventures are consolidated if overall control can be ascertained and the amounts are material to the group's results.

Inventories

Land held for development and construction work in progress is valued at the lower of cost and net realisable value. Cost includes appropriate directly attributable overheads. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Inventory values are reviewed regularly to check for potential impairments, and these are expensed to profit or loss when identified.

Financial instruments

Classification

IFRS 9 Financial Instruments contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL).

Financial assets are classified at amortised cost if held within a business model where the objective is to hold the asset to collect its contractual cash flows and the contractual terms of the financial asset give rise to cash flows on specified dates that represent payments of solely principal and interest on the outstanding principal amount, provided it has not been designated as FVTPL.

Financial assets and financial liabilities are recognised in the group's Consolidated Statement of Financial Position when the group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Consolidated Statement of Comprehensive Income.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Accounting policies (continued)

Financial instruments (continued)

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Consolidated Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at measured cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Tangible assets

Investment properties and land and buildings

Investment properties and land and buildings for which fair value can be measured reliably are measured at fair value annually by the directors or RICS qualified external valuers. Any change is recognised in the Consolidated Statement of Comprehensive Income. Investment properties are derecognised upon completion of their sale or change of use.

Individual freehold and leasehold properties, other than investment properties, are revalued to fair value every five years and the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged or credited to the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Accounting policies (continued)

Fixtures, fittings and equipment

Fixtures, fittings and equipment are measured at cost. Depreciation is provided on all tangible assets, other than investment properties and freehold land, at rates calculated to write down the cost or valuation to their estimated residual values by equal annual instalments over their estimated useful working lives as follows:

Freehold land	not depreciated
Freehold buildings	over a period up to 50 years
Leasehold land and buildings	shorter of 50 years or remaining life of lease
Leasehold improvements	shorter of 50 years or remaining life of lease
Fixtures, fittings & equipment	3 to 10 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Where required assets are stated less provision for impairment.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised within administrative expenses on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Useful economic lives are as follows:

Software costs	3 – 7 years

Assets held for sale

Assets held for sale are not depreciated but are held at the lower of cost or net realisable value.

Bank borrowings

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Cash and cash equivalents

Cash at bank in the balance sheet comprise cash at bank and in hand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Accounting policies (continued)

Leases

(i) The group as a lessee
At the inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The group recognises a right-of-use asset and a lease liability at the lease commencement date which is the date at which the asset is made available for use by the group.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Where the lease contains a purchase option, the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. Right-of-use assets are subject to impairment testing.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate known at the commencement date, payments for a purchase option, payments for an optional renewal period and termination option payments if the Group is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applied judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest implicit in the lease or where this cannot be readily determined, the lessee's incremental borrowing rate which is assumed to be between 4.76% and 5.21%. After the commencement date, the lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a modification, a change in future lease payments arising from a change in an index or rate, or if the group changes its assessment of whether it is reasonably certain to exercise an option within the contract.

The group has elected to apply the recognition exemptions for short-term and low-value leases and recognises the lease payments associated with these leases as an expense in profit or loss on a straight- line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less. Low-value assets with a cost less than £3,000.

(ii) The group as a lessor
The group enters into lease agreements as a lessor with respect to some of its investment properties. The group also rents equipment to a retailer within the wider group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Accounting policies (continued)

Leases (continued)

(ii) The group as a lessor (continued)
Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component..

Pension costs

Contributions are made to the personal plans of certain employees. The expenditure is charged to the Consolidated Statement of Comprehensive Income in the period to which it relates. The value of pension costs outstanding at the year end was £nil (2020: £nil).

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the year end date, taking into account the risks and uncertainties surrounding the obligation. When some of the economic benefits required to settle a provision are expected to be recovered from a third party, the provision is reduced by this amount.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the year end date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the year end date.

Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Accounting policies (continued)

Taxation (continued)

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

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Critical judgements in applying the group's accounting policies

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any critical accounting judgements that must be applied.

Key sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. The resulting accounting estimates 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 value of assets and liabilities within the next financial year are addressed below:

Investment properties and property, plant and equipment
A key source of estimation and uncertainty relates to the valuation of investment properties and freehold land and buildings, where a valuation is obtained annually, as at 30 June, either by professional qualified external valuers, or by the group's own internal qualified staff. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis and other factors such as yields and estimated rental values. For 30 June 2021, the effects of Brexit and the Covid pandemic are still being felt with supply shortages and cost increases. However, the demand for the investment and development property that the group has invested in remains strong. The current carrying value at year end is £44.4m (2020: £133.7m). See note 6 for further details.

Valuation of inventory
At any point in time, the group holds significant levels of inventory, including work in progress. Land development is complex with long lead times until a site is ready for sale. Assessments are made over the valuation of the land, either by professional qualified external valuers, or by the company's own internal qualified staff to ensure the inventory is correctly stated at the lower of cost and net realisable value. The current value at year end is £26.5m (2020: £30.9m). See Note 11 for further details.

Provisions
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event. The current provision is the net position for the onerous leases for the period up to 2040. The assumptions made are therefore highly subjective and subject to a large degree of uncertainty, especially with regards to amounts and terms of future leases. The current value at year end is £4.1m (2020: £5.2m). See Note 18.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Revenue

Analysis by category:

	2021 £m	2020 £m
Trading property sales	**11.1**	2.4
Rental income	**16.5**	12.2
Management fees	**1.4**	1.5
	29.0	16.1

Revenue is all generated in the United Kingdom.

	2021 £m	2020 £m
Finance income	**0.4**	0.4

Finance income represents the unwinding of discounting on the subleases.

On the basis that the group has no publicly traded equity or debt securities, the directors have taken the exemption available under IFRS 8 'Operating Segments' not to disclose reporting data for business segments.

2. Analysis of profit before tax

Profit before tax is stated after charging/(crediting):

	2021 £m	2020 £m
Depreciation of tangible assets	**6.0**	2.3
Depreciation of right of use assets	**0.3**	0.4
Amortisation of intangible assets	**-**	0.1
Profit on disposal of tangible non-current assets	**(15.9)**	(2.0)
Revaluation gain of investment properties and property, plant & equipment	**(5.2)**	(17.3)
Impairment of trading stock	**-**	3.4
Impairment of right of use assets	**-**	2.2
Release/(increase) of onerous lease provision	**1.1**	5.9

There are no non-audit fees payable to the auditor in the current year or prior year. Audit fees for the group of £159k (2020: £146k) was payable by the group, of which £74k (2020: £40k) was payable by the company.

The impairment of trading stock in the prior year followed a valuation of the group's freehold development land and buildings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Finance costs

	2021 £m	2020 £m
Interest payable on bank loans and overdrafts	**6.8**	7.0
Interest expense on leased assets (note 17)	**0.7**	0.6
Loss on foreign exchange	**(3.1)**	1.0
Bank facility costs amortised	**1.4**	-
Borrowing costs capitalised	**(0.3)**	(0.6)
Net Interest expense	**5.5**	8.0

The cumulative amount of borrowing costs capitalised is £4.2m (2020: £3.9m).

4. Employees and directors

The company has no employees and hence no associated cost, so the employee and director costs are in respect of group companies.

	2021 £m	2020 £m	2019 £m
Staff costs (including part-time staff and directors) during the year:			
Wages and salaries	**1.8**	1.8	1.9
Social security costs	**0.3**	0.3	0.3
Defined contribution pension costs	**0.1**	0.1	0.1
	2.2	2.2	2.3

Average monthly number of full time equivalents (including part-time staff and directors) employed:	2021 Number	2020 Number	2019 Number
Administration	**18**	18	17

Directors' remuneration	2021 £m	2020 £m	2019 £m
Emoluments	**0.7**	0.6	0.7
Defined contribution pension costs	**-**	-	-
	0.7	0.6	0.7

Highest paid Director:	2021 £m	2020 £m	2019 £m
Aggregate emoluments	**0.7**	0.4	0.5

During the current year 2 directors have been remunerated by the group (2020: 2). The other directors have been remunerated by other companies within the wider group. The directors are deemed to be the key management personnel.

During the year retirement benefits have accrued to no directors (2020: same) under defined contribution schemes.

During the year there were no other emoluments or associated employment costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Tax on profit

The tax charge is based on the profit for the year and represents:

	2021 £m	2020 £m
Current taxation:		
Total current tax	**-**	-
Deferred taxation:		
Origination and reversal of timing differences	**4.2**	(2.2)
Tax credit/(charge) on profit	**4.2**	(2.2)

The current tax charge assessed for the year is different to the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are explained below:

	2021 £m	2020 £m
Profit before tax	**25.7**	13.0
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19.0%)	**4.9**	2.5
Effects of:		
Prior year adjustment	**0.2**	-
Deferred tax not recognised	**(0.6)**	0.7
Transfer pricing adjustment	**0.8**	0.8
Tax effect of items not chargeable to tax	**0.2**	0.1
Group relief losses not paid for	**(9.7)**	(1.7)
Restatement on adoption of IFRS	**-**	(0.2)
Tax on profit	**(4.2)**	2.2

The group earns its profits primarily in the UK. Therefore, the tax rate used for tax on profit is the standard rate of UK corporation tax of 19.0% (2020: 19.0%).

In the Finance Act 2021 which was enacted on 10 June 2021, the main rate of corporation tax will increase with effect from 1 April 2023 from 19% to 25%. The increase in the corporation tax rate has therefore been reflected in the valuation of our deferred tax assets at the balance sheet date. This has increased the deferred tax asset recognised by £nil.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Tangible assets

(a) Tangible assets

Group	Assets under construction £m	Land & buildings £m	Investment properties £m	F, F & E £m	Assets held for sale £m	Total £m
Cost or valuation						
At 1 July 2019	**72.4**	**13.9**	**27.9**	**52.2**	**-**	**166.4**
Additions	3.0	-	1.6	14.4	-	19.0
Acquisition of subsidiary (note 10)	-	-	21.4	-	-	21.4
Rent/lease incentives	2.6	-	2.6	-	-	5.2
Reclassification	(78.0)	-	62.4	-	15.6	-
Revaluation	-	(1.3)	17.8	-	-	16.5
Disposals	-	(2.2)	-	-	-	(2.2)
At 30 June 2020	**-**	**10.4**	**133.7**	**66.6**	**15.6**	**226.3**
Additions	-	-	-	1.9	-	1.9
Reclassification	-	(9.9)	9.9	1.6	(1.6)	-
Revaluation	-	-	5.2	-	-	5.2
Disposals	-	-	(104.4)	(1.7)	(14.0)	(120.1)
At 30 June 2021	**-**	**0.5**	**44.4**	**68.4**	**-**	**113.3**
Depreciation						
At 1 July 2019	-	**(0.7)**	-	**(0.7)**	-	**(1.4)**
Charged in the year	-	(0.2)	-	(2.1)	-	(2.3)
Revaluation	-	0.8	-	-	-	0.8
At 30 June 2020	**-**	**(0.1)**	-	(2.8)	-	(2.9)
Charged in the year	-	-	-	(6.0)	-	(6.0)
Disposals	-	-	-	0.1	-	0.1
At 30 June 2021	**-**	**(0.1)**	**-**	**(8.7)**	**-**	**(8.8)**
Net book value						
At 30 June 2021	**-**	**0.4**	**44.4**	**59.7**	**-**	**104.5**
At 30 June 2020	-	10.3	133.7	63.8	15.6	223.4
At 30 June 2019	72.4	13.2	27.9	51.5	-	165.0

Tangible assets with a carrying value of £104.1m (2020: £221.2m, 2019: £162.2m) are pledged as security for the group's bank loans.

The land and buildings and investment property held by the group are freehold.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Tangible assets (continued)

A key source of estimation and uncertainty relates to the valuation of investment properties and land and buildings where a valuation is obtained annually, as at 30 June, either by professional qualified external valuers, or by the parent company's own internal qualified staff. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis. For 30 June 2021, the effects of Brexit and the Covid pandemic are still being felt with supply shortages and cost increases. However, the demand for the investment and development property that the group has invested in remains strong.

The company has no tangible assets.

(b) Net book value of investment property and land and buildings at historical cost

The group's total freehold land and buildings and investment properties, were valued during the year ended 30 June 2021 on an open market value basis by RICS qualified external valuers. The valuations have been updated by the directors as at 30 June 2021. The valuations were performed in accordance with Red Book principles. Revaluations are carried out by internal RICS qualified valuers at least every year and by RICS qualified external valuers at least every three years.

	2021 **£m**
Directors' valuation of investment property:	
Arndale Industrial Properties Limited	24.5
Spectator Properties Limited	7.0
Estuary Park Property Holdings Limited	6.3
Senate Park Developments Limited	5.0
LSD Developments Limited	1.5
Old Hall Street Properties Limited	0.1
	44.4

Of the total Land and Buildings disclosed in the table in note (a) above, assets with net book value of £nil (2020: £9.9m, 2019 £12.8m) are held at revalued cost. If these land and buildings had not been revalued, they would have been included at the following amounts:

	2021 **£m**	**2020** **£m**	2019 £m
Cost	-	**107.8**	51.2
Accumulated depreciation	-	**(11.9)**	(14.0)
Net book value	-	**95.9**	37.2

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Right of use asset

	Group £m
Cost	
Additions on transition to IFRS 16 on 1 July 2019	**4.9**
Impairment	**(2.3)**
At 30 June 2020 and 30 June 2021	**2.6**
Accumulated depreciation	
At 1 July 2019	**-**
Charge for year	**(0.4)**
At 30 June 2020	**(0.4)**
Charge for year	**(0.3)**
At 30 June 2021	**(0.7)**
Net book value	
At 30 June 2021	**1.9**
At 30 June 2020	2.2
At 1 July 2019	4.9

The right of use asset relates to the Riverdale property in Lewisham. The impairment in the prior year is due to the fact that the lease matures in June 2069, yet the major tenant's lease terminates in 2022. The tenant has indicated they will renew their lease, but at a lower rental, so the right of use asset is held at its value which is deemed to be the recoverable amount under the new expected lease.

The company has no right of use assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Intangible assets

	Computer software £m
Cost or valuation	
At 1 July 2019 and 30 June 2020	**0.9**
Disposal	**(0.4)**
At 30 June 2021	**0.5**
Accumulated amortisation	
At 1 July 2019	**(0.7)**
Charge for year	**(0.1)**
At 30 June 2020	**(0.8)**
Charge	**-**
Disposal	**0.3**
At 30 June 2021	**(0.5)**
Net book value	
At 30 June 2021	**-**
At 30 June 2020	0.1
At 1 July 2019	0.2

The company has no intangible assets.

9. Trade and other receivables

Non-current assets	Group 2021 £m	Group 2020 £m	Group 2019 £m	Company 2021 £m	Company 2020 £m	Company 2019 £m
Sublease debtors (note 17)	**4.6**	6.4	-	**-**	-	-
Intercompany debtor	**123.4**	118.3	114.2	**123.4**	118.3	114.2
	128.0	124.7	114.2	**123.4**	118.3	114.2

Restatement
During the current financial year, the company restated the prior year amount owed by the parent company of £118.3m (2019: £114.2m) from trade and other receivables within current assets to trade and other receivables within non-current assets. As the balance will be used on a continuing basis, it will not be realised within the normal course of business, nor within 12 months after year end.

The amount owed by the parent company is unsecured, interest free and repayable on demand.

See note 26 for the impact on current assets and non-current assets as a result of the restatement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Trade and other receivables (continued)

Current assets	**Group 2021 £m**	Group 2020 £m	Group 2019 £m	**Company 2021 £m**	Company 2020 £m	Company 2019 £m
Trade receivables	**3.0**	5.4	6.4	-	-	-
Amount owed by group undertakings	-	3.4	-	**26.1**	-	-
Amount owed by associated group undertakings	-	0.1	10.0	-	-	25.8
Prepayments and accrued income	**3.0**	7.1	8.6	-	-	-
Sublease debtors (note 17)	**1.8**	1.5	-	-	-	-
Other receivables	**0.1**	0.4	7.6	-	-	-
	7.9	17.9	32.6	**26.1**	-	25.8

Amounts owed by group undertaking and associated group undertakings are unsecured, interest free and repayable on demand. The directors consider that the carrying amount of trade receivables approximates to their fair value.

10. Investments

Shares in group undertakings:	Company £m
At 1 July 2019	308.0
Impairment	(1.2)
At 30 June 2020 and 30 June 2021	306.8

See note 24 for listing of subsidiaries and joint ventures.

11. Inventories

	Group 2021 £m	Group 2020 £m	Group 2019 £m
Land held for development and resale	**26.5**	30.9	31.1

The company holds no inventories.

The land with a book value of £18.6m (2020: £29.4m, 2019: £26.9m) is pledged as security for the group's bank loans.

The total amount of borrowing costs capitalised in the year are £0.3m (2020: £0.6m, 2019: £0.7m).

During the year stock with a cost of £8.3m (2020: £2.9m, 2019: £10.8m) was recognised as cost of sales.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Trade and other payables

	Group 2021 £m	Group 2020 £m	Group 2019 £m	**Company 2021 £m**	Company 2020 £m	Company 2019 £m
Amounts due to fellow subsidiaries	**20.3**	35.2	33.3	**251.3**	316.0	334.5
Amount owed to joint venture undertakings	-	0.9	-	-	-	-
Amount owed to associated undertakings	-	4.5	-	-	-	-
Trade payables	**0.2**	0.2	3.4	-	-	-
Other payables	**2.8**	0.1	0.9	**0.1**	-	-
Accruals and deferred income	**0.3**	10.6	4.8	-	-	0.1
Other tax and social security	**2.9**	0.9	-	-	-	-
	26.5	52.4	42.4	**251.4**	316.0	334.6

Amounts owed to fellow subsidiaries, joint venture undertakings and associated undertakings are unsecured, interest free and repayable on demand. The directors consider that the carrying amount of trade payables approximates to their fair value.

13. Bank and other borrowings

	Group 2021 £m	Group 2020 £m	Group 2019 £m
Bank loans due within one year	9.9	16.1	17.7
Bank loans due after more than one year	53.2	157.4	134.3
	63.1	173.5	152.0

Maturity of financial liabilities	**Group 2021 £m**	Group 2020 £m	Group 2019 £m
Due within one year or less, or on demand	9.9	16.1	17.7
Due in more than one year but not more than two years	7.1	93.9	80.0
Due in more than two years but not more than five years	21.0	23.9	16.0
Due in five years or more	25.1	39.6	38.3
	63.1	173.5	152.0

(a) The bank loan facilities are denominated in sterling and Euros. £48.7m of the total loans is a Euro denominated loan (2020: £58.4m, 2019: £44.2m). Those in sterling bear interest at LIBOR plus a margin ranging from 1.0% to 4.5%. The bank loan facility denominated in euros bears interest at Euribor plus a margin of 0.56%. These bank loans are secured by legal charges over tangible non-current assets and stock of the group and are repayable between April 2024 and January 2029.

(b) The group has a loan facility of £19.5m which has a balance at year end of £2.3m (2020: £11.0m, 2019: £10.5m) which is provided by the Local Infrastructure Fund established by the Government's Home and Communities Agency. This loan is secured over the land and buildings of the company and bears interest at a variable rate of 5.35% to 5.44%.

On 7 December 2020, it was agreed that the final date for settlement of the Local Infrastructure Fund established by the Government's Homes and Communities Agency be extended to 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Bank and other borrowings (continued)

During the year ended 30 June 2021, the group incurred no issue costs in connection with the bank.loans (2020: £nil, 2019: £3.3m). Borrowing costs capitalised of £0.3m (2020: £0.6m, 2019: £1.3m) has been capitalised into inventories. See note 11.

The company holds no borrowings.

14. Financial instruments

The group uses fair values to measure its financial instruments using the following classifications:

Level 1 – Quote prices on active markets for identical financial instruments.
Level 2 – Fair value derived from observable data such as market prices.
Level 3 – Measurement rely on significant inputs not based on observable market data

Financial assets	**Group 2021 £m**	Group 2020 £m	Group 2019 £m
Trade and other receivables at amortised cost			
Trade receivables	**3.0**	5.4	6.4
Other receivables	**0.1**	0.4	7.6
Sublease debtors	**4.6**	6.4	-
Amounts owed by group undertakings	**123.4**	121.8	124.2
	131.1	134.0	138.2

The carrying amounts of financial assets are recorded at amortised cost in the financial statements approximate to their fair values. The financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 1.

Financial liabilities	**Group 2021 £m**	Group 2020 £m	Group 2019 £m
Financial liabilities at amortised cost			
Loan and other borrowings	**63.1**	173.5	152.0
Trade payables	**0.2**	0.2	3.4
Accruals (excluding deferred income)	**0.3**	9.3	3.9
Other payables	**2.8**	0.9	0.9
Obligations under finance leases	**12.9**	15.0	-
Amounts owed to group undertakings	**20.3**	35.2	33.3
	99.6	234.1	193.5

The carrying amounts of financial liabilities are recorded at amortised cost in the financial statements and approximate to their fair values. The financial instruments that are measured subsequent to initial recognition at fair value are all grouped into Level 1. The average credit period taken for trade payables is 45 days (2020: 45 days).

Interest expense	**Group 2021 £m**	Group 2020 £m	Group 2019 £m
Total interest expense for the financial liabilities at amortised cost	0.7	0.6	1.3

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

15. Changes in liabilities arising from financing activities

	At 1 July 2019 £'m	Financing cash flows £'m	Non-cash changes £'m	At 30 June 2020 £'m
Bank borrowings	152.0	10.4	11.1	173.5
Lease liabilities	16.6	(2.6)	1.0	15.0
Total liabilities from financing activities	168.6	7.8	12.1	188.5

	At 1 July 2020 £'m	Financing cash flows £'m	Non-cash changes £'m	At 30 June 2021 £'m
Bank borrowings	173.5	(108.7)	(1.7)	63.1
Lease liabilities	15.0	(2.6)	0.5	12.9
Total liabilities from financing activities	188.5	(111.3)	(1.2)	76.0

The non-cash changes in respect of bank borrowings relate to the interest charges which have been capitalised into the borrowings and foreign exchange differences. The non-cash adjustment for the lease liabilities relates to the discounting interest on the liability.

16. Financial risk management and impairment of financial assets

Financial risk management objectives
The financial risks facing the group include currency risk, credit risk, liquidity risk and cash flow interest rate risk. The group monitors these risks but due to their overall risk and materiality, does not seek to minimise them by using derivative financial instruments to hedge these risk exposures. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The group's treasury policies and procedures are periodically reviewed and approved by the Board.

Credit risk and impairment
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. Investments of cash surpluses, borrowings and derivative financial instruments are made through banks which are approved by the Board.

Before accepting any new tenant, the group uses an external credit scoring system to assess the potential tenant's credit quality. Tenant debtor balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts. The concentration of credit risk is limited due to the majority of the tenants being part of the wider group of companies, with set quarterly rental payments.

Liquidity risk
The group manages liquidity risk by maintaining adequate banking and borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 15 is a description of the facilities that the group has at its disposal and details of the group's remaining contractual maturity for its non-derivative financial liabilities.

Foreign currency risk management
The group undertakes certain transactions denominated in a foreign currency. Hence, exposures to exchange rate fluctuations arise. It is not the policy of the group to enter into forward foreign exchange contracts to cover the specific foreign currency payments nor the foreign currency loan exposure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial risk management and impairment of financial assets (continued)

Foreign currency sensitivity analysis
The group's principal foreign currency exposures are to Euros due to a subsidiary company loan facility. The table below illustrates the hypothetical sensitivity of the group's reported profit (2020: profit) and closing equity to a 10% increase and decrease in the euro/sterling exchange rates at the reporting date, assuming all other variables remain unchanged. The sensitivity rate of 10% represents the directors' assessment of a reasonably possible change, based on historic volatility.

	2021	2020
	£'m	£'m
Sterling strengthens by 10% against euro	**4.4**	5.4
Sterling weakens by 10% against euro	**(5.4)**	(6.6)

Interest rate risk management
The group is exposed to interest rate risk, as entities in the group borrow funds at floating interest rates. The group treasury team are responsible for monitoring exposure to this risk and securing liquidity to meet foreseeable needs. The variable portion of the interest rate, being mainly Libor, is a very small element of the interest rate, and there are two loans that are not material to the group, so a sensitivity analysis is not performed.

Capital risk management
The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

17. Leases

On transition to IFRS, the group has adopted IFRS 16 which supersedes IAS 17 (Leases). This is the first set of accounts presenting under IFRS 16 for years ending 30 June 2021 and 2020.

Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income includes the following amounts relating to leases:

	2021	2020
	£m	£m
Depreciation charge on right-of-use assets:		
Land and buildings	**0.3**	0.4
Impairment charge on leased asset	**-**	2.3
Interest income on leased assets	**(0.4)**	(0.4)
Interest expense on leased assets	**0.7**	0.6

Amounts recognised in the Consolidated Statement of Cash Flows

	2021	2020
	£m	£m
Total cash outflow for leases	**2.6**	2.7
Total cash inflow from lease income	**(1.8)**	(1.5)

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Leases (continued)

Leasing Activities

The group enters into leases for properties. These property leases, which consist of office buildings and warehouses, have varying terms, renewal rights and escalation clauses, including periodic rent reviews.

Comparative Lease Disclosures Under IAS 17

Operating Leases

Future minimum lease payments under non-cancellable operating leases were as follows:

	2019 **£'m**
Within one year	2.8
Within two to five years	7.0
Over five years	19.5
	29.3

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019 as follows:

Operating lease commitments at 30 June 2019	29.3
Effect of discounting	(12.7)
Lease liabilities at 1 July 2019	16.6

Amounts recognised in the Consolidated Statement of Financial Position

Right of use assets

	2021 **£m**	2020 £m	At 1 July 2019 £m
Land and buildings	**1.9**	2.2	4.9

Sub-lease debtors

	2021 **£m**	2020 £m	At 1 July 2019 £m
Current	**1.8**	1.5	1
Non-current	**4.6**	6.4	5.9
	6.4	7.9	6.9

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Leases (continued)

The sub-lease debtors are in relation to finance leases with termination dates between February 2022 and December 2040 and have been discounted at a rate of 4.76%.

	2021 £m	2020 £m	At 1 July 2019 £m
Not later than one year	**1.8**	1.5	1.0
Later than one year and not later than five years	**2.0**	2.4	4.2
Later than five years	**2.6**	4.0	1.6
	6.4	7.9	6.8

Lease liabilities

Comprised of:

	2021 £m	2020 £m	At 1 July 2019 £m
Current	**1.5**	1.8	1.9
Non-current	**11.4**	13.2	14.7
	12.9	15.0	16.6

18. Onerous property provisions

	2021 £m	2020 £m
Balance at 1 July	**5.2**	9.5
Transition to IFRS 16 at 1 July 2019	**-**	(5.3)
Utilised in the year	**(1.1)**	(0.6)
Additions in the year	**-**	1.6
Balance at 30 June	**4.1**	5.2

The onerous lease provision is for surplus properties that are not fully sub-let and where a continuing liability arises in relation to rates, service charges and dilapidations. The amount recognised is the discounted figure for the anticipated net expenditure for these leases. The outgoings are anticipated to utilised over the period to June 2069. The primary uncertainty is the potential income streams from third party tenants, the directors review these provisions at year end to ensure they are valued appropriately.

Provisions are discounted at the 30-year gilt rate of 1.159% (2020: 0.61%) where the impact of doing so is material. The impact on the profit is the total of the discounting and release within the year.

The company has no provisions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Deferred taxation

The total asset/(liability) recognised and the total potential asset for deferred taxation are as follows:

	Accelerated tax depreciation £'m	Revaluation of investment property £'m	Other temporary differences £'m	Tax losses £'m	Total £'m
At 1 July 2019	(0.2)	(1.5)	1.6	-	(0.1)
Charged to profit or loss	0.1	(3.8)	0.5	1.0	(2.2)
Acquisition of subsidiary undertaking	-	(1.8)	-	-	(1.8)
At 1 July 2020	(0.1)	(7.1)	2.1	1.0	(4.1)
Charged to profit or loss	0.9	4.1	(1.1)	0.3	4.2
At 30 June 2021	**0.8**	**(3.0)**	**1.0**	**1.3**	**0.1**

Deferred tax asset recognition is based on entity only future taxable profits with deferred tax assets expected to reverse in future periods.

At the balance sheet date, the group had unrecognised deferred tax assets of £3.3m (2020: £3.1m) in respect of temporary differences.

The group has recognised deferred tax assets in respect of losses and other temporary differences to the extent that it is probable that there will be future taxable profits against which the losses and other temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Share capital and reserves

	2021 **£m**	2020 £m	2019 £m
Authorised:			
124,857,001 (2020: 124,857,001, 2019: 124,857,001) ordinary shares of £1 each	**124.9**	124.9	124.9
Allotted, called-up and fully paid:			
124,857,001 (2020: 124,857,001, 2019: 124,857,001) ordinary shares of £1 each	**124.9**	124.9	124.9

The holders of ordinary shares are entitled to all distributable income. On the return of capital in a winding up or otherwise the surplus assets shall firstly be used to repay the nominal value of ordinary shares and then the nominal value of the deferred shares. Any surplus shall then be payable to the holders of ordinary shares.

Called-up share capital represents the nominal value of shares that have been issued.

Reserves

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties and other adjustments.

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

The merger reserve represents the difference between the cost of investment and the nominal value of the ordinary shares issued during the group re-organisation.

Other reserves relate to capital contributions in the form of a waiver of intercompany balances.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Capital and other financial commitments

(a) Capital commitments

	2021 £m	2020 £m	2019 £m
Capital expenditure contracted for but not provided in the financial statements	-	-	16.9

The above relates to tangible assets.

(b) Lease commitments

Future income for properties that are sublet, where the sublease is considered to be a financing sublease, is included as a sublease debtor on the balance sheet under IFRS 16 as at 30 June 2020 and 30 June 2021. Where the sublease is considered to be an operating sublease, and where the group is a lessor of its owned properties, the total of future minimum income receivable under the group's non-cancellable operating leases with tenants for each of the following periods is as follows:

Group	2021 £m	2020 £m	2019 £m
Land and buildings:			
Not later than one year	**10.0**	9.5	5.3
Later than one year and not later than five years	**38.4**	31.8	49.1
Later than five years	**41.4**	101.9	96.4
	89.8	143.2	150.8

No contingent rents have been recognised as income in the current or prior year.

The operating leases relate to the group's tangible assets (note 7) and land held for development and resale (note 11).

22. Related party transactions

During the current and previous financial year, the group entered into the following transactions comprising fee income from property management and rental income from investments properties with related parties who are not members of the group:

	2021 £m	2020 £m
Management fees		
Arrow XL Limited	**0.1**	0.1
Ellerman Investments Limited	**0.3**	0.3
The Very Group Limited	**0.3**	0.3
Yodel Delivery Network Limited	**0.3**	0.3
Rental income		
Arrow XL Limited	**1.2**	1.2
The Spectator 1828 Limited	**0.3**	0.3
The Very Group Limited	**12.6**	7.8
Yodel Delivery Network Limited	**1.4**	1.3
	16.5	11.6

Transactions involving the Joint Venture undertaking, MP Holdings 2016 Limited and its wholly owned subsidiary, Margetts Pit Limited, amounted to £nil (2020: £0.9m).

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Related party transactions (continued)

As 30 June the following balances remain outstanding and are disclosed within the following balances:

	2021 £m	2020 £m	2019 £m
Within Non-current trade and other receivables			
Shop Direct Holdings Limited	**123.4**	118.3	114.2
Within trade and other receivables			
Yodel Delivery Network Limited	**-**	-	0.1
Arrow XL Limited	**-**	-	1.2
Yodel Delivery Network Limited	**-**	-	0.7
Medway Valley Services Limited	**0.1**	0.1	-
	0.1	0.1	2.0
Within trade and other payables			
Shop Direct Home Shopping Limited	**(6.1)**	(22.9)	(22.0)
The Very Group	**(14.2)**	(12.3)	(14.5)
Yodel Delivery Network Limited	**-**	(0.9)	-
Yodel Properties Limited	**-**	(0.2)	(0.1)
Ellerman Investments Limited	**-**	(3.4)	-
	(20.3)	(39.7)	(36.6)

The companies listed above are all ultimately controlled by the Sir David Barclay and Sir Fredrick Barclay Family Settlements.

As at 30 June 2021 the following balances are outstanding with non 100% owned entities within the group:
Debtor due from Trenport Property Holdings Limited to Pit Properties Limited of £0.8m (2020: £nil, 2019: £nil).
Creditor due from Pit Properties Limited to Margetts Pit Limited of £0.8m (2020: £0.9m, 2019: £nil).

23. Ultimate controlling party

The immediate holding company is Shop Direct Holdings Limited, a company registered and incorporated in England and Wales, regarded by the directors as being ultimately controlled by the Sir David Barclay and Sir Frederick Barclay Family Settlements. The smallest and largest publicly available group into which the results of the company are consolidated is the report and financial statements of Shop Direct Holdings Limited, a company registered in England and Wales, which the directors regard as being controlled by the Sir David Barclay and Sir Frederick Barclay Family Settlements. The financial statements of Shop Direct Holdings Limited can be obtained by writing to 2nd Floor, 14 St George Street, London W1S 1FE, its registered address.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Subsidiary and joint venture undertakings

Except where stated otherwise, subsidiary undertakings are registered in England and Wales, carry out their principal operations in the country of incorporation, and the company owns 100% of the ordinary share capital. The registered office for the subsidiaries is the same as Trenport Property Holdings Limited as set out in the accounting policies unless otherwise stated.

Undertakings	*Company registration number*	*Nature of business*
Arndale Industrial Properties Limited	11718052	Property management
Arndale Properties Limited	04768976	Property holding company **
Arndale Aintree Property Limited *	05059349	Property management **
White Arrow Logistics Limited *	00953622	Dormant ***
Estuary Park Property Holdings Limited	05747737	Property management
Eurolink 5 Management Limited	10768592	Property management **
Senate Park Developments Limited *	05750589	Property management **
LSD Developments Limited *	05750586	Property management **
Margetts Pit Limited *	02479226	Property management **
MP Holdings 2016 Limited *	13616271	Property management **
Pit Properties Limited	10050312	Property management **
Provenance Investments Limited	11807533	Property holding company **
Primevere Limited	11077376	Property management
Primevere Equipment Limited	11131873	Property plant and equipment
Ryton Properties Limited	06189268	Dormant ***
Temple Studios Limited *	07936198	Property management **
Old Hall Street Properties Limited	02765478	Property management
Rosechurch Homes Limited	11654418	Property development
Trenport Investments Limited	01265480	Property development
Trenport (East Hall Park) Limited *	04187663	Property development
Trenport (Peters Village) Limited *	04187596	Property development
Ryton Utilities Limited *	06189253	Sewerage service **
Europower Networks Limited *	05438383	Electricity supply **
Spectator Properties Limited (Jersey)	93345	Property management
St James's Street Property Management Limited *	04663252	Property management
St James's Street Properties Limited	03487648	Dormant
Littlewoods Property Holdings Limited	02765483	Dormant
Eurolink Management Limited	09155467	Dormant
Trenport Teynham (General Partner) Limited	05320656	Dormant
Trenport Limited	11654399	Property holding company **
Worcester (Blackpole) Holdings Limited	11989104	Property holding company **
Worcester (Blackpole) Limited	11983150	Property management **

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Subsidiary and joint venture undertakings (continued)

* indicates the company was owned by an intermediary company

** The subsidiary company has taken advantage of the Companies Act s479A exemption from having an audit. The company is exempt from the requirements of this Act relating to the audit of individual accounts by virtue of this section.

MP Holdings 2016 Limited is a joint venture 50% owned by Pit Properties Limited. Margetts Pitt Limited is a company 100% owned by MP Holdings 2016 Limited. The companies' registered office is 2nd floor, 14 St George Street, London W1S 1FE.

Spectator Properties Limited's registered office is Gaspé House, 66-72 Esplanade, St Helier, Jersey JE2 3QT.

25. Events after the Statement of Financial Position date

On 15 October 2021, a parcel of land held by a subsidiary company, Trenport Investments Limited, and treated as inventory, was sold in the open market for £25.5m, which will be recognised in the year ending 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Impact of transition to IFRS

The were no movements on transition to IFRS in respect of the 2019 year end.

Reconciliation of equity for the year ended 30 June 2020

		UK GAAP £'m	Restatement (See note 9) £'m	Impact of transition £'m	IFRS £'m
Non-current assets					
Tangible assets		223.4	-	-	223.4
Right of use assets	A	-	-	2.2	2.2
Intangible assets		0.1	-	-	0.1
Trade and other receivables	B	-	118.3	6.4	124.7
		223.5	118.3	126.9	350.4
Current assets					
Inventories		30.9	-	-	30.9
Trade and other receivables	B	134.7	(118.3)	1.5	17.9
Cash at bank and in hand		10.6	-	-	10.6
		176.2	(118.3)	1.5	59.4
Creditors: amounts falling due within one year					
Bank and other borrowings		(16.1)	-	-	(16.1)
Trade and other payables		(52.4)	-	-	(52.4)
Obligations under finance leases	C	-	-	(1.8)	(1.8)
		(68.5)	-	(1.8)	(70.3)
Total assets less current liabilities		331.2	-	8.3	339.5
Creditors: amounts falling due after more than one year					
Bank and other borrowings		(157.4)	-	-	(157.4)
Provisions for liabilities-onerous lease	D	(11.1)	-	5.9	(5.2)
Obligations under finance leases	C	-	-	(13.2)	(13.2)
Deferred tax liability		(4.1)	-	-	(4.1)
		(172.6)	-	(7.3)	(179.9)
Net assets		158.6	-	1.0	159.6
Share capital		124.9	-	-	124.9
Merger reserve		(24.5)	-	-	(24.5)
Other reserves		19.0	-	-	19.0
Revaluation reserve		4.3	-	-	4.3
Profit and loss account		34.9	-	1.0	35.9
Total equity		158.6	-	1.0	159.6

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Impact of transition to IFRS (continued)

Notes to the reconciliation of equity (continued)

A Right of use asset

Under IFRS 16, a lessee is required to recognise a right of use asset representing its right to use the underlying leased asset.

B Sublease debtors

Where the group subleases property to tenants, and the sublease is considered to be a financing sublease under IFRS 16, a sublease debtor is recognised on the balance sheet to represent the present value of future cash inflows. Where the sublease is considered to be an operating sublease, no debtor is recognised. Each financial year, the debtor decreases by amounts received from tenants during the year, and increases by the unwinding of discounting which is recognised as finance income in the Consolidated Statement of Comprehensive Income.

C Lease liability

Under IFRS 16, a lessee is required to recognise a lease liability representing its obligation to make lease payments. over the lease term, discounted at the group's borrowing rate. Each financial year, the liability decreases by payments made to the landlord and increases by the unwinding of discounting, which is recognised as a finance cost in the Consolidated Statement of Comprehensive Income.

D Onerous leases

Under FRS 102, onerous leases were included in property provisions. On adoption of IFRS 16, the group has utilised the expedient allowed to impair the right of asset by the previous onerous rent provision balance. This results in a lower onerous property provision, which now relates to rates, service charges and dilapidations. The liability for lease payments is now included as a lease liability on the Consolidated Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Impact of transition to IFRS

Reconciliation of comprehensive income

		UK GAAP £m	Impact of transition £m	IFRS £m
Revenue	E	16.1	(0.7)	15.4
Cost of sales	E	(2.9)	0.9	(2.0)
Gross profit		13.2	0.2	13.4
Administrative expenses	D	(12.5)	0.4	(12.1)
Revaluation of investment properties and land & buildings		17.3	-	17.3
Operating profit		18.0	0.6	18.6
Profit on disposal of non-current assets		2.0	-	2.0
Finance income	B	-	0.4	0.4
Finance costs	C	(8.0)	-	(8.0)
Profit before taxation		12.0	1.0	13.0
Tax on profit		(2.2)	-	(2.2)
Profit from continuing operations		9.8	1.0	10.8
Other comprehensive income/(expense)				
Revaluation of property, plant and equipment		-	-	-
Deferred tax on revaluation		-	-	-
Profit and total comprehensive income for the financial year		9.8	1.0	10.8

E Revenue and Cost of sales

The Revenue adjustment is in respect of rent receivable under FRS 102 which is recognised against the sub-lease debtor under IFRS 16.

The Cost of sales adjustment is in respect of the rent payable Under FRS 102 which is recognised against the lease liability under IFRS 16.