Registration number: 09867463

Roxhill Management Rugby Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Roxhill Management Rugby Limited

Contents

Roxhill Management Rugby Limited

Company Information

Directors	S. Das A. S. Gulliford A. J. Pilsworth
Company Secretary	J. Foo (appointed 3 November 2021)
Registered Office	1 New Burlington Place London W1S 2HR United Kingdom
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT United Kingdom

Roxhill Management Rugby Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activities
The principal activity of the Company is the provision of services for the development of land via the construction of industrial units. On 26 April 2019, Roxhill Management Rugby Limited was appointed as a representative of Mirabella Advisers LLP which is also authorised and regulated by the FCA.

This is a private company limited by shares incorporated in England and Wales. Details of the Company's registered office is set out in the Company information on page 1.

Business review

Fair review of the business
The Company has performed in line with expectations and the Directors are satisfied with the year-end position.

The results for the Company show a pre-tax loss of £23k (2020: loss £23k). The Company is in a net asset position at the year end. The Directors are satisfied that the financial statements have been prepared on a going concern basis. For further disclosure see the Directors' Report under Going concern.

Key Performance Indicators (KPIs)
Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance, or position of the business. KPIs are disclosed within the SEGRO plc Annual Report and Accounts for the year ended 31 December 2021.

Covid-19
The onset of the Covid-19 pandemic had wide reaching implications for stakeholders of the Company and the SEGRO Group. The Group and the Company continue to monitor the situation and have taken actions to mitigate its impacts including on our operations, the health and wellbeing of our employees and to support our stakeholders.

Approved by the Board on 30 June 2022 and signed on its behalf by:

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A. Pilsworth
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A. J. Pilsworth
Director

Roxhill Management Rugby Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Principal risks and uncertainties

The Company, as a subsidiary of SEGRO plc, is managed on a unified basis as part of the SEGRO plc group "The Group". The principal risks faced by the Company reflect those of the SEGRO plc group and the table below outlines the principal risks and uncertainties faced by the SEGRO plc group in delivering its strategic priorities for the forthcoming year.

- Macroeconomic impact on Market Cycle
- Portfolio Strategy and Execution
- Major event/business disruption
- Health and Safety
- Environmental Sustainability and Climate Change
- Development Plan execution
- Financing Strategy
- Political and Regulatory
- Operational delivery and compliance

These risks and uncertainties are described in greater detail together with mitigating factors on pages 78 to 83 of the SEGRO plc Annual Report and Accounts for the year ended 31 December 2021.

Going concern

The financial statements have been prepared on a going concern basis, as the Directors intend the Company to maintain the same level of activity during the forthcoming year. The Company is in a net asset position. The Company is funded via an inter-company non-current account provided by the Company's ultimate parent, SEGRO plc, which has confirmed its continuing financial support and therefore the Directors consider the Company is in a position to meet its liabilities as they fall due. It is agreed that no inter-Group lender has any intention to require the loan to be repaid, in whole or in part, for at least 12 months from the date of signing of the financial statements. If the entity is unable to meet its liabilities as they fall due, it is the intention of SEGRO plc to provide financial support as necessary for at least 12 months from the signing of the financial statements.

The Directors, having assessed the responses of the Directors of the Company's ultimate parent SEGRO plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the SEGRO plc group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of SEGRO plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Future developments

The Directors expect the general level of activity to remain consistent with the current year in the forthcoming years. This is due to the straightforward nature of the business in which the Company operates.

Management continues to monitor the ongoing conflict in Ukraine and the impact on the business. This includes an assessment of the economic sanctions held against Russia.

Employees

There were no employees directly employed the Company during the year (2020: 1).

Dividends

Dividends paid and dividends recommended in respect of the current year and prior year are disclosed within the dividends note.

Directors of the Company

The directors of the Company who were in office during the year and up to the date of signing the financial statements, were as follows:

S. Das
A. S. Gulliford
A. J. Pilsworth

Roxhill Management Rugby Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Directors' indemnity provision
A qualifying third party indemnity provision (as defined in S234 of the Companies Act 2006) was in force for the benefit of the Directors of the Company during the financial year and at the date of the approval of the financial statements.

The contracts of employment of the Directors of the Company do not provide for compensation for the loss of office that occurs because of takeover.

Subsequent events
Details of the significant events affecting the Company since the year end are included in the subsequent events note.

Disclosure of information to the auditors
In the case of each director in office at the date the Directors' Report is approved:

• So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

• They have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Independent auditors of the Company
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board on 30 June 2022 and signed on its behalf by:

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A. J. Pilsworth
Director

Roxhill Management Rugby Limited

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

Independent Auditors' Report to the Members of Roxhill Management Rugby Limited

Report on the audit of the financial statements

Opinion
In our opinion, Roxhill Management Rugby Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement, the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

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

Roxhill Management Rugby Limited

Independent Auditors' Report to the Members of Roxhill Management Rugby Limited (continued)

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

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

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

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

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

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Real Estate Investment Trust (REIT) status by SEGRO plc group, of which the company is a related undertaking, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Roxhill Management Rugby Limited

Independent Auditors' Report to the Members of Roxhill Management Rugby Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)
We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the Financial Statements. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding management's internal controls designed to prevent and detect irregularities;
- Reviewing relevant meeting minutes, including those of the Board of Directors; and
- Identifying and testing journal entries, where applicable, in particular any journal entries posted with unusual account combinations or posted by users posting a low number of journals in the period.

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

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

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

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

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Kevin Strauther (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
08 July 2022

Roxhill Management Rugby Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	4	-	-
Costs		-	-
		-	-
Administrative expenses	6	(13)	(12)
Operating loss	5	(13)	(12)
Finance costs	7	(10)	(11)
Loss before tax		(23)	(23)
Income tax (expense)/credit	8	-	-
Loss after tax		**(23)**	**(23)**

The above results were derived from continuing operations.

The notes on pages 14 to 26 form an integral part of these financial statements.

Roxhill Management Rugby Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £'000	2020 £'000
Loss for the year	(23)	(23)
Other comprehensive income/(expense) for the year, net of tax	-	-
Total comprehensive expense for the year	**(23)**	**(23)**

The notes on pages 14 to 26 form an integral part of these financial statements.

Registration number: 09867463

Roxhill Management Rugby Limited

Statement of Financial Position as at 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment	9	311	424
Current assets			
Trade and other receivables	11	1,681	532
		1,681	532
Total assets		1,992	956
Creditors: Amounts falling due within one year			
Trade and other payables	12	(166)	(296)
Net current assets		1,515	236
Total assets less current liabilities		1,826	660
Creditors: Amounts falling due after more than one year	13	(1,515)	(326)
Net assets		**311**	**334**
Equity			
Called up share capital	14	-	-
Retained earnings		311	334
Total shareholders' funds		**311**	**334**

The financial statements on pages 10 to 26 were approved by the Board on 30 June 2022 and signed on its behalf by:

DocuSigned by:
A. Pilsworth
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....
A. J. Pilsworth
Director

The notes on pages 14 to 26 form an integral part of these financial statements.

Roxhill Management Rugby Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2021	-	334	**334**
Loss for the year	-	(23)	**(23)**
Total comprehensive expense	-	(23)	**(23)**
As at 31 December 2021	**-**	**311**	**311**

	Called up share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2020	-	357	**357**
Loss for the year	-	(23)	**(23)**
Total comprehensive expense	-	(23)	**(23)**
As at 31 December 2020	**-**	**334**	**334**

The notes on pages 14 to 26 form an integral part of these financial statements.

Roxhill Management Rugby Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1. General information

General
Roxhill Management Rugby Limited ("the Company") is a private company limited by share capital incorporated and domiciled in England and Wales. Details of the Company's registered office is 1 New Burlington Place, London, W1S 2HR, England. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements are presented in thousands and in sterling since that is the currency in which the majority of the Company's transactions are denominated and is the functional currency of the Company.

These financial statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework'. These financial statements are separate financial statements.

The Company is exempt from the preparation of consolidated financial statements, because it is included in the financial statements of SEGRO plc. The Group financial statements of SEGRO plc for the year ended 31 December 2021 are available to the public and can be obtained as set out in note 19.

2. Significant accounting policies

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard, for all periods presented, in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, share based payments, presentation of a cash-flow statement, disclosures in respect of the compensation of key management personnel, related parties and disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities and standards not yet effective.

Where relevant, equivalent disclosures have been given in the Group financial statements of SEGRO plc for the year ended 31 December 2021. The Group financial statements of SEGRO plc are available to the public and can be obtained as set out in note 19.

As the Company is a subsidiary of the SEGRO plc group, it is managed on a unified basis as part of the SEGRO plc group.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

There are standard accounting policies followed by the Group and they are included within this note for standardised presentation across all financial statements as the Group has a significant number of subsidiaries.

2. Significant accounting policies (continued)

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties that are measured at fair value through profit or loss, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies applied in the preparation of these financial statements are set out below, and have, unless otherwise stated, been consistently applied to all periods presented in these financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Adoption of new and revised Standards

The following standards and amendments have been adopted by the Company for the first time for the financial year beginning on 1st January 2021:

• Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendment did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

2. Significant accounting policies (continued)

Going concern

The Company's business activities are set out in the Strategic Report, together with the factors likely to affect its future development and position set out in the Directors' Report.

The financial statements have been prepared on a going concern basis, as the Directors intend the Company to maintain the same level of activity during the forthcoming year. The Company is in a net asset position. The Company is funded via an inter-company non-current account provided by the Company's ultimate parent, SEGRO plc, which has confirmed its continuing financial support and therefore the Directors consider the Company is in a position to meet its liabilities as they fall due.

The Directors, having assessed the responses of the Directors of the Company's ultimate parent SEGRO plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the SEGRO plc group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of SEGRO plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investment properties

These properties include completed properties that are generating rent or are available for rent, and development properties that are under development or available for development. Investment properties comprise freehold and leasehold properties and are first measured at cost (including transaction costs), then revalued to market value at each reporting date by independent professional valuers. Lease liabilities associated with leasehold properties are accounted for under IFRS 16, see Leases accounting policy. If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes. Valuation gains and losses in a period are taken to the Income Statement. As the Company uses the fair value model, as per IAS 40 Investment Properties, no depreciation is provided. An asset will be classified as held for sale within investment properties, in line with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, where the asset is available for immediate sale in their present condition and the sale is highly probable.

Investment properties are transferred to trading properties when there is a change in use and the property ceases to meet the definition of investment property.

2. Significant accounting policies (continued)

Property acquisitions and disposals
Properties are treated as acquired at the point when the Company assumes the control of ownership and as disposed when these are transferred to the buyer. Generally, this would occur on completion of contract. Any gains or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Investments
Where the Company holds investments in subsidiaries, joint ventures and associates these are held at cost less accumulated impairment losses. The Company has taken advantage of the exemption under S400 Companies Act 2006 not to produce consolidated financial statements.

Other interests in property
Other interests in property (including those classified as prepaid land options) include the cost and related fees in respect of land options, which are initially capitalised and regularly tested for impairment. The impairment review includes consideration of the resale value of the option and likelihood of achieving planning consent.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost included purchase price and any directly attributable costs.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful economic lives, using a straight-line method. Depreciation is provided on the following basis;

Fixtures and fittings – 3 to 5 years
Land and buildings – Over the term of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised with the Income Statement.

2. Significant accounting policies (continued)

Impairment of non-financial assets
The Company's non-financial assets, excluding investment properties, are reviewed at each reporting date to assess impairment. Where indication of impairment exists, the asset's recoverable amount is estimated, and if found to be lower than its carrying value, it is written down to the recoverable amount. The impairment loss is taken to the Income Statement. The recoverable amount is the higher of an asset's net selling price and its value-in-use (i.e. the net present value of its future cash flows, discounted at a pre-tax interest rate that reflects the borrowing costs and risks for the asset).

An impairment loss is reversed if estimates for the recoverable amount change, but only to the extent that its carrying amount after reversal does not exceed the net asset value that would arise had there been no impairment loss.

Where the Company has investments in subsidiaries which have been liquidated, the subsidiaries distributes its remaining net assets up to the parent company via an intercompany dividend. The parent company will offset this dividend against its investment in the subsidiary and will write off/release any residual balance left over as an impairment charge to the Income Statement.

Leases as a lessee
At inception, the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Company recognises a right-of-use ("ROU") asset and the lease liability at the commencement date of the lease.

Lease liabilities include the present value of payments which generally include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Each lease payment is allocated between the liability and finance cost. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or if not, the incremental borrowing rate is used. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

The ROU asset is measured at a cost based on the amount of the initial measurement of the lease liability, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received.

The ROU asset (other than the ROU assets that relate to land that meets the definition of investment property under IAS 40) is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment. ROU assets are included in the heading Property, plant and equipment, and the lease liability included in the headings current and non-current Trade and other payables on the Statement of Financial Position.

Where the ROU asset relates to land or property that meets the definition of investment property under IAS 40, after initial recognition the ROU asset is subsequently accounted for as investment property and carried at fair value (see Investment properties accounting policy). Valuation gains and losses in a period are taken to the Income Statement. The ROU assets are included in the heading Investment properties, and the lease liability in the headings current and non-current Trade and other payables on the Statement of Financial Position.

2. Significant accounting policies (continued)

Leases as a lessee (continued)

The Company has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for low value leases. The payments for such leases are recognised in the Income Statement on a straight-line basis over the lease term.

Revenue

Revenue includes gross rental income, joint venture management fee income, income from service charges and proceeds from the sale of trading properties. Joint venture management fee income is recognised as income in the period to which it relates.

Rental income

Rental income from properties let as operating leases are recognised on a straight-line basis over the lease term. Lease incentives and initial costs to arrange leases are capitalised, then amortised on a straight-line basis over the lease term ('rent averaging'). Surrender premiums received in the period are included in rental income.

Service charges and other recoveries from tenants

These include income in relation to service charges, directly recoverable expenditure and management fees. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue from services is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided and recognised over time. The Company generally acts as the principal in service charge transactions as it directly controls the delivery of the services at point they are provided to the tenant. Where the Company acts as a principal, service charge income is presented gross within revenue and service charge costs presented gross within costs.

Sale of trading properties

Proceeds from the sale of trading properties are recognised at the point in time at which control of the property has been transferred to the purchaser. Therefore, revenue is recognised at a point in time and generally occurs on completion of the contract.

Loans

Loans, other than bank overdrafts, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Income Statement over the period of the loans, using the effective interest method.

Gross borrowing costs relating to direct expenditure on properties under development or undergoing major refurbishment are capitalised. The interest capitalised is calculated using the weighted average cost of the loan. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables and payables

Trade and other receivables are booked at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are initially measured at fair value, net of transaction costs and subsequently measured at amortised costs using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses ('ECLs') which uses a lifetime expected loss allowance for all trade receivables. Note 11 details the Company's calculation for measuring ECLs.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Income tax expense

Income tax on the profit for the year comprises current and deferred tax. Current tax is the tax payable on taxable income for the year and any adjustment in respect of previous years.

Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that suitable taxable profits will be available against which deductible temporary differences can be utilised.

Prepayments

Prepaid development expenditure is capitalised in prepayments until the option to acquire the land has been exercised and the land acquired. Once land has been acquired development expenditure is appropriated into investment property.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount 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 revisions and future periods if the revision affects both current and future periods.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Significant areas of estimation uncertainty

Property valuations

Valuation of property is a central component of the business. In estimating the fair value, the Group engage a third party qualified valuer to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of the property portfolio is disclosed in the Investment Properties note of the SEGRO plc Annual Report and Accounts for the year ended 31 December 2021.

Significant areas of judgement in applying the Company's accounting policies

Accounting for significant property transactions

Property transactions are complex in nature. Management considers each material transaction separately, with an assessment carried out to determine the most appropriate accounting treatment and judgements applied. The judgements include whether the transactions represent an asset acquisition or business combination and the cut off for property transactions on recognition of property assets and revenue recognition. In making its judgement over the cut-off for property transactions, management considers whether the control of ownership of the assets acquired or disposed of has transferred to or from the Company (this consideration includes the revenue recognition criteria set out in IFRS 15 Revenue for the sale of trading properties).

In making its judgement on whether the acquisition of property through the purchase of a corporate vehicle represents an asset acquisition or business combination, management considers whether the integrated set of assets and activities acquired contain both input and processes along with the ability to create outputs. Management also apply the optional 'concentration test' allowed under IFRS 3. When applying the optional test, management considers if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets). Where management judge that substantially all of the fair value of the gross assets acquired are concentrated in a single asset (or a group of similar assets) and the 'concentration test' met, the assets acquired would not represent a business and the purchase would be treated as an asset acquisition.

REIT Status

SEGRO Plc has elected for UK REIT status. To continue to benefit from this tax regime, the Group and Company is required to comply with certain conditions as outlined in Note 10 of the SEGRO plc Annual Report and Accounts for the year ended 31 December 2021. Management intends that the Group and Company should continue as a UK REIT for the foreseeable future.

4. Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2021 £'000	2020 £'000
Management fees *	-	-

* The above income streams reflect revenue recognition under IFRS 15 Revenue from Contracts with Customers and total £Nil (2020: £Nil).

5. Operating loss

The operating loss is stated after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation	113	129
Operating leases	-	-
Overhead recharged to group undertakings	(276)	(805)

6. Administrative expenses

Employees

There were no employees directly employed the Company during the year (2020: 1).

	2021	2020
Net staff costs *	£'000	£'000
Wages and salaries	-	446
Social security costs	8	59
Pension costs	-	-
	8	505

* In the previous year, all payroll costs were recharged to SEGRO Administration Limited, a fellow group undertaking, and then capitalised into developments under construction across the portfolio. All staff in the prior year were categorised as indirect property and administration.

Audit fees

A notional charge of £2,000 (2020: £2,000) per Company is deemed payable to PricewaterhouseCoopers LLP in respect of the audit of the financial statements. The actual amounts payable to PricewaterhouseCoopers LLP are paid at Group level by SEGRO plc.

There are no fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the Company, as no non-audit services were provided to the Company. Fees for non-audit services provided to SEGRO plc are disclosed in the SEGRO plc Annual Report and Accounts for the year ended 31 December 2021.

Directors' remuneration

The Directors received no remuneration in respect of their services to the Company during the year (2020: £Nil). Some of the Directors may also be Directors of SEGRO plc, the Company's ultimate holding company, and the remuneration of these Directors is disclosed in the financial statements of that Company. No apportionment or recharges were made for the remuneration of directors borne by another company. The value of this service is negligible and not possible to allocate.

7. Net finance costs

	2021 £'000	2020 £'000
Finance costs		
Interest on lease liabilities	(7)	(10)
Interest on group borrowings	(3)	(1)
Total finance costs	(10)	(11)
Net finance costs	(10)	(11)

8. Income tax (expense)/credit

Tax charged/(credited) in the Income Statement:	2021 £'000	2020 £'000
Total current income tax	-	-
Adjustments in respect of previous periods	-	-
	-	-

8. Income tax (expense)/credit (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 – higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:	2021 £'000	2020 £'000
Loss before tax	(23)	(23)
Less: Adjustment for non-taxable items	-	-
Adjusted loss before tax	(23)	(23)
Corporation tax charge/(credit) at standard rate	(4)	(4)
Loss surrendered/(claimed) as group relief for no consideration	4	4
Adjustments in respect of previous periods	-	-
Total tax charge/(credit)	-	-

The standard rate of UK corporation tax is expected to be maintained at 19% for the financial year beginning 1 April 2022, and then 25% for the financial year beginning 1 April 2023. This is unlikely to significantly impact the Company's tax charge.

SEGRO plc elected during 2007 to become a Real Estate Investment Trust (REIT) for UK tax purposes with effect from 1 January 2007. As a result, no UK corporation tax should be due on future income or capital gains in respect of investment properties within the REIT group, of which the Company is a member.

9. Property, plant and equipment

	Land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2021	565	173	738
Additions	-	-	-
Disposals	-	-	-
At 31 December 2021	565	173	738
Accumulated depreciation			
At 1 January 2021	(141)	(173)	(314)
Depreciation charge	(113)	-	(113)
Disposals	-	-	-
At 31 December 2021	(254)	(173)	(427)
Net book value			
At 31 December 2021	311	-	311
At 31 December 2020	424	-	424

10. Financial Instruments

Financial assets and liabilities

Financial assets in the Company comprise trade and other receivables (excluding prepayments), inter-company receivables and cash and cash equivalents, which are categorised as financial assets at amortised costs. Financial liabilities comprise inter-company debt, which is categorised as financial liabilities and measured at amortised cost, and trade and other payables (excluding rent in advance, and tax balances) which are categorised as other financial liabilities. The carrying values of these financial assets and liabilities approximate their fair value.

The Company is funded via an inter-company non-current account ultimately provided by the Group's parent entity SEGRO plc. Where the Company is trading this is charged at an interest rate of 1.75% (2020: 1.85%). Where the Company is not trading the non-current account is not interest bearing. This advance has no set maturity date although the parent entity has undertaken to give 12 months notice of any demand for repayment of the balance. To date no such notice has been issued. The parent entity has also indicated its intention to provide the support necessary to ensure the Company remains a going concern.

The Company has no bank debt, is not party to any derivative instruments and has no foreign currency exposures as 100% of its business is UK based.

11. Trade and other receivables

	2021	2020
Amounts falling due within one year:	**£'000**	**£'000**
Amounts due from group undertakings	-	99
Prepayments	1,681	433
	1,681	532

Trade receivables are presented in the balance sheet net of loss allowances. The Company applies the IFRS 9 simplified approach to measuring expected credit losses ('ECLs') which uses a lifetime expected loss allowance for all trade receivables. Expected loss rates are based on the historic credit loss experienced and adjusted for current and forward information affecting the ability of the individual customers to settle receivables. In the current and prior reporting period, the current and forward information considers the impact of Covid-19. Trade receivables are written off when there is no reasonable expectation of recovery.

Loss allowances, amounts written off and recoveries of amounts previously written off are accounted in cost within operating profit. These amounts were £Nil for the year ended 31 December 2021 (2020: £Nil).

The other financial assets held by the Company have been considered for impairment based on historical default rates over the expected life and are adjusted for forward-looking information. Based on that analysis, no material loss allowances are held against these assets in the current and prior year.

12. Trade and other payables

	2021	2020
	£'000	**£'000**
Lease liabilities	115	110
Accrued expenses and deferred income	51	186
	166	296

13. Creditors: Amounts falling due after more than one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	1,302	-
Lease liabilities	213	326
	1,515	326

Where the Company is trading, its amounts owed to Group undertakings are charged at a rate of 1.75% (2020: 1.85%). Where the Company is not trading the non-current account is not interest bearing. The amounts due have no fixed repayment terms.

14. *Called up share capital*

The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at the general meetings of the Company.

	2021		2020	
Allotted, issued and fully paid	**No.**	**£**	**No.**	**£**
Ordinary shares of £1 each	2	2	2	2

15. Dividends

A dividend of £Nil was recognised during the year ended 31 December 2021 (2020: £Nil). After the balance sheet date, dividends of £Nil (2020: £Nil) were proposed by the Directors and paid. The dividends proposed after the balance sheet date have not been provided for in the current year financial statements.

16. Capital commitments

The Company had capital commitments contracted as at 31 December 2021 of £Nil (2020: £Nil).

17. Contingent liabilities

The Company had contingent liabilities as at 31 December 2021 of £Nil (2020: £Nil).

18. Leases

Leases as lessee (IFRS 16)

In 2019 the company contracted into a 5-year lease in respect of land and buildings. This lease has been recognised in the Statement of Financial Position as a right-of-use asset within Property, plant and equipment. The impact of right-of-use assets within the financial statements is as follows:

Amounts recognised in the Statement of Financial Position	**Land and buildings £'000**
2021	
Net book value at 1 January	424
Additions to right-of-use assets	-
Depreciation charge	(113)
Balance at 31 December	**311**
2020	
Net book value at 1 January	537
Additions to right-of-use assets	-
Depreciation charge	(113)
Balance at 31 December	**424**

Amounts recognised in the Income Statement	**Land and buildings £'000**
2021	
Interest on lease liabilities	7
Depreciation	113
Lease expense	**120**
2020	
Interest on lease liabilities	10
Depreciation	113
Lease expense	**123**

19. Parent and ultimate parent undertaking

The immediate parent undertaking is SEGRO Properties Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is SEGRO plc. Copies of the SEGRO plc consolidated financial statements can be obtained from 1 New Burlington Place, London, W1S 2HR, England.

The ultimate controlling party is SEGRO plc.

20. Subsequent events

There have been no significant events since year end.