

REGISTERED NUMBER: 10976362 (England and Wales)

**Directors' Report and**  
**Financial Statements for the Year Ended 31 December 2019**  
**for**  
**Select Charles Street Residential**  
**(Holdings) Limited**



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for the Year Ended 31 December 2019**

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**Select Charles Street Residential  
(Holdings) Limited**

**Company Information  
for the Year Ended 31 December 2019**

**Directors:**

Mr G P Beswick  
Mr M C Dawson  
Mr C J Dean  
Mr S J Foy  
Mr M K Slater  
Mr M D Stott

**Registered office:**

Horseshoe Farm  
Elkington Way  
Alderley Edge  
Cheshire  
SK9 7GU

**Registered number:**

10976362 (England and Wales)

**Independent auditor:**

Ernst & Young LLP, Statutory Auditor  
2 St Peter's Square  
Manchester  
M2 3EY

**Solicitors:**

Shoosmiths LLP  
The XYZ Building  
2 Hardman Boulevard  
Spinningfields  
Manchester  
M3 3AZ

**Select Charles Street Residential  
(Holdings) Limited**

**Directors' Report  
for the Year Ended 31 December 2019**

The Directors present their report with the financial statements of the Company for the year ended 31 December 2019.

In accordance with section 414B of the Companies Act 2006, the Company has taken advantage of the small companies exemption in relation to the strategic report.

The Company is based in England, and is a 51% owned subsidiary of Affinity Living Limited, which is a wholly owned subsidiary of Select property Group (Holdings) Limited, which in turn is a wholly owned subsidiary of Vita Group Holdings Limited.

Select Charles Street Residential (Holdings) Limited is a private company, limited by shares.

**Principal activity**

The principal activity of the Company in the year under review was that of a holding company. The Directors do not expect the principal activity to change in the foreseeable future.

**Events since the end of the year**

Information relating to events since the end of the year is given in the notes to the financial statements.

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Mr G P Beswick  
Mr M C Dawson  
Mr C J Dean  
Mr S J Foy  
Mr M K Slater  
Mr M D Stott

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each 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.

**Auditor**

The auditor, Ernst & Young LLP, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**Select Charles Street Residential  
(Holdings) Limited**

**Directors' Report  
for the Year Ended 31 December 2019**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**By order of the board :**

A handwritten signature in black ink, appearing to read 'G P Beswick', with a large, stylized initial 'G' and a long, wavy horizontal line extending to the right.

Mr G P Beswick - Director

15 January 2021

**Select Charles Street Residential  
(Holdings) Limited**

**Statement of Directors' Responsibilities  
for the Year Ended 31 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international financial reporting standards as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent Auditor's Report to the Members of**  
**Select Charles Street Residential**  
**(Holdings) Limited**

**Opinion**

We have audited the financial statements of Select Charles Street Residential (Holdings) Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Directors' report and the Statement of directors' responsibilities, but does not include the financial statements and our Auditor's report thereon.

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

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

**Independent Auditor's Report to the Members of**  
**Select Charles Street Residential**  
**(Holdings) Limited**

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

**Responsibilities of directors**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report



**Independent Auditor's Report to the Members of**  
**Select Charles Street Residential**  
**(Holdings) Limited**

**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.

*Ernst & Young LLP*

Tehseen Ali (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
2 St Peter's Square  
Manchester

Date: .....15/1/2021.....

**Select Charles Street Residential  
(Holdings) Limited**

**Statement of Profit or Loss and Other Comprehensive Income  
for the Year Ended 31 December 2019**

		<b>Year ended 31/12/19 £'000</b>	<b>Period 22/9/17 to 31/12/18 £'000</b>
	<b>Notes</b>		
<b>Continuing operations</b>			
Revenue		-	-
Administrative expenses		<u>(1,540)</u>	<u>(2)</u>
<b>Operating loss</b>		<u>(1,540)</u>	<u>(2)</u>
Finance costs	3	<u>(1,334)</u>	<u>(1,144)</u>
<b>Loss before Income tax</b>	4	<u>(2,874)</u>	<u>(1,146)</u>
Income tax	5	-	-
<b>Loss for the year</b>		<u>(2,874)</u>	<u>(1,146)</u>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the year</b>		<u>(2,874)</u>	<u>(1,146)</u>

The notes on pages 12 to 25 form part of these financial statements

**Select Charles Street Residential  
(Holdings) Limited (Registered number: 10976362)**

**Statement of Financial Position  
31 December 2019**

	Notes	2019 £'000	2018 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	6	<u>10,785</u>	<u>12,318</u>
<b>Current assets</b>			
Trade and other receivables	7	<u>23,524</u>	<u>23,524</u>
<b>Total assets</b>		<u><b>34,309</b></u>	<u><b>35,842</b></u>
<b>Equity</b>			
<b>Shareholders' equity</b>			
Called up share capital	8	-	-
Equity reserve	9	5,970	5,970
Retained earnings	9	<u>(4,020)</u>	<u>(1,146)</u>
<b>Total equity</b>		<u><b>1,950</b></u>	<u><b>4,824</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	11	<u>8,265</u>	<u>6,931</u>
<b>Current liabilities</b>			
Trade and other payables	10	<u>24,094</u>	<u>24,087</u>
<b>Total liabilities</b>		<u><b>32,359</b></u>	<u><b>31,018</b></u>
<b>Total equity and liabilities</b>		<u><b>34,309</b></u>	<u><b>35,842</b></u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 January 2021 and were signed on its behalf by:



Mr G P Beswick - Director

The notes on pages 12 to 25 form part of these financial statements

**Select Charles Street Residential  
(Holdings) Limited**

**Statement of Changes in Equity  
for the Year Ended 31 December 2019**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Equity reserve £'000</b>	<b>Total equity £'000</b>
Total comprehensive income	-	(1,146)	5,970	4,824
<b>Balance at 31 December 2018</b>	-	(1,146)	5,970	4,824
Total comprehensive loss	-	(2,874)	-	(2,874)
<b>Balance at 31 December 2019</b>	-	(4,020)	5,970	1,950

The notes on pages 12 to 25 form part of these financial statements

**Select Charles Street Residential  
(Holdings) Limited**

**Statement of Cash Flows  
for the Year Ended 31 December 2019**

		<b>Year ended 31/12/19 £'000</b>	<b>Period 22/9/17 to 31/12/18 £'000</b>
	<b>Notes</b>		
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	-	-
<b>Cash flows from investing activities</b>			
Investment in subsidiary		-	(12,318)
Net cash from investing activities		-	(12,318)
<b>Cash flows from financing activities</b>			
Borrowings		-	11,757
Intragroup loans		-	561
Net cash from financing activities		-	12,318
<b>Increase in cash and cash equivalents</b>		-	-
<b>Cash and cash equivalents at beginning of year</b>		-	-
<b>Cash and cash equivalents at end of year</b>		-	-

The notes on pages 12 to 25 form part of these financial statements

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements  
for the Year Ended 31 December 2019**

**1. Accounting policies**

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The Company is incorporated and domiciled in the UK.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**Going concern**

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

The Directors have considered the potential impact of the global pandemic relating to the Covid-19 virus announced in March 2020 on the Company and remain confident that adequate facilities are available to pay at least 12 months of forecast liabilities. The Directors therefore have a reasonable expectation that the Company has adequate resources 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.

The Directors have received a letter of support from the ultimate parent company that it will continue to support the Company for a period of at least 12 months from the date of approval of the financial statements.

**Basis of measurement**

The financial statements have been prepared on the historical cost basis unless otherwise stated in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 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 and/or disclosure purposes in these financial statements is determined on such a basis, except for 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.

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**1. Accounting policies - continued**

**Functional and presentational currency**

The Company's financial statements are presented in Sterling, which is the Company's functional currency.

**Accounting Standards Update**

A number of updates to standards or interpretations were in issue as at 31 December 2019.

The following new or amended standards and interpretations, are effective for the first time for the period ended 31 December 2019 and have been applied in preparing these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements of the Company in the period of initial application.

<b>Change in Standard or Interpretation</b>	<b>Effective date*</b>
IFRS 16 Leases	01-Jan-19
IAS 19 amendments	01-Jan-19
IFRS 9 amendments	01-Jan-19
IAS 28 amendments	01-Jan-19
2015-2017 annual improvements cycle	01-Jan-19

\*Effective for annual periods beginning on or after this date.

**Use of estimates and judgements**

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. There are no significant estimates or assumptions used in preparing these financial statements.

**Financial instruments**

**Financial assets (including receivables)**

Financial assets are recognised at amortised cost. The impairment of these assets, including trade and other receivables is calculated using expected lifetime credit losses. Lifetime credit losses are a probability-weighted estimate of the present value of all cash shortfalls that may arise from all possible default events over the life of a financial asset. Expected credit losses are discounted at the effective interest rate of the financial asset.

**Financial liabilities (including payables)**

Financial liabilities (including borrowings and trade and other payables) are measured at amortised cost, using the effective interest method where applicable.

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**1. Accounting policies - continued**

**Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**Cash and cash equivalents**

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the Statement of Cash Flows, cash and cash equivalents comprise cash on hand.

**Investments in subsidiaries**

Investments in subsidiaries in the financial statements of the company are stated at cost, less any impairment in recoverable value.

**Capital contribution**

A capital contribution was recognised in the period ended 31 December 2018 in relation to a loan received from Circle Square Investment (Nominees) Limited. The capital contribution was calculated as the difference between the £11,757k loan and its present value on inception of £5,787k. The capital contribution reserve will be recycled through other comprehensive income on redemption of the loan. Further details are found in note 11 Financial liabilities - borrowings.

**2. Employees and directors**

There were no staff costs for the year ended 31 December 2019 nor for the period ended 31 December 2018.

The Company had no employees during the current period.

	Year ended 31/12/19 £	Period 22/9/17 to 31/12/18 £
Directors' remuneration	-	-



**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**2. Employees and directors - continued**

The Directors received emoluments and accrued pension benefits from fellow subsidiaries of the Group headed by Vita Group Holdings Limited, for services rendered to all Group companies.

**3. Net finance costs**

	<b>Year ended 31/12/19 £'000</b>	<b>Period 22/9/17 to 31/12/18 £'000</b>
Finance costs:		
Loan interest	<u>1,334</u>	<u>1,144</u>

**4. Loss before income tax**

The loss before income tax is stated after charging:

	<b>Year ended 31/12/19 £'000</b>	<b>Period 22/9/17 to 31/12/18 £'000</b>
Audit fees	2	2
Impairment of investment in subsidiary	<u>1,533</u>	<u>-</u>

There were no non audit services, performed by the Auditor, incurred by the entity in the current period.

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**5. Income tax**

The tax charge on the loss on ordinary activities for the year was as follows:

	2019 £'000	2018 £'000
Current tax		
UK corporation tax	-	-

The charge for the year can be reconciled to the loss per the income statement as follows:

	2019 £'000	2018 £'000
Loss for the period	(2,874)	(1,146)
Tax on loss at standard rate of 19.00% (2018: 19.00%)	(546)	(218)
Effects of:		
Income not taxable	-	(409)
Expenses not deductible	291	-
Effect of change in tax rates	(6)	-
Amounts not recognised	253	218
Prior year adjustment	(47)	-
Effect of losses	55	-
Group impairments	-	409
Tax credit for the period	-	-

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Although the 2020 Finance Act includes measures to reverse this decrease, legislation was not enacted as at 31 December 2019. However, the Company's tax charge may increase in future years.

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**6. Investments**

	Shares in group entities £'000
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	<u>12,318</u>
<b>Provision</b>	
At 1 January 2019	-
Impairment in the year	<u>1,533</u>
At 31 December 2019	<u>1,533</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>10,785</u></u>
	Shares in group entities £'000
<b>Cost</b>	
At 1 January 2018 and 31 December 2018	<u>12,318</u>
<b>Net book value</b>	
At 31 December 2018	<u><u>12,318</u></u>

The Company's investments as at 31 December 2019 and 31 December 2018 in the share capital of subsidiaries include the following:

Name of subsidiary	Principal activity	Place of incorporation and operation	Portion held by the Company
Select Charles Street Residential LP Limited	Holding company	United Kingdom	100%
Select Charles Street Residential Limited	Holding company	United Kingdom	100%
Oxford Property Trading Limited	Letting/operating of leased real estate	United Kingdom	100%

All subsidiaries are registered at the address Horseshoe Farm, Elkington Way, Alderley Edge, SK9 7GU.

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**7. Trade and other receivables**

	2019 £'000	2018 £'000
Current:		
Amounts owed from group undertakings	<u>23,524</u>	<u>23,524</u>

**8. Called up share capital**

**Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2019 £	2018 £
51	Ordinary	£1	51	51
49	B Ordinary	£1	<u>49</u>	<u>49</u>
			<u>100</u>	<u>100</u>

**9. Reserves**

	Retained earnings £'000	Equity Reserve £'000	Totals £'000
At 1 January 2019	(1,146)	5,970	4,824
Loss for the year	<u>(2,874)</u>	-	<u>(2,874)</u>
At 31 December 2019	<u>(4,020)</u>	<u>5,970</u>	<u>1,950</u>

	Retained earnings £'000	Equity Reserve £'000	Totals £'000
At incorporation on 22 September 2017	-	-	-
Loss for the period	<u>(1,146)</u>	-	<u>(1,146)</u>
Capital contribution	-	5,970	5,970
At 31 December 2018	<u>(1,146)</u>	<u>5,970</u>	<u>4,824</u>

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**10. Trade and other payables**

	2019 £'000	2018 £'000
Current:		
Amounts owed to group undertakings	24,091	24,085
Accruals	3	2
	<u>24,094</u>	<u>24,087</u>

**11. Financial liabilities - borrowings**

	2019 £'000	2018 £'000
Circle Square Investments (Nominee) Limited	<u>8,265</u>	<u>6,931</u>

During the period ended 31 December 2018, a non-interest-bearing loan of £11,757k was provided by Circle Square Investments (Nominee) Limited, a company unrelated to the group headed by Vita Group Holdings Limited. The loan is repayable on 31 December 2021 and is part of the shareholders' agreement with Affinity Living Limited. The loan was initially recognised at a present value of £5,787k based on an effective rate of 17.85%, the remaining difference has been treated as a capital contribution. An interest expense accretes over the life of the loan to bring the balance back to the original value.

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**12. Financial instruments**

**Financial risk management**

The Company has exposure to the following risks from its use of financial instruments:

Credit risk  
Liquidity risk

The Board has overall responsibility for establishing appropriate management of exposure to risk.

**Capital management**

The Group's objectives in managing its capital are to provide adequate returns to the shareholders by operating the business at a predetermined optimal level, by ensuring the present revenue stream from operations continues to increase and by effectively collecting its receivables as agreed with debtors.

At a subsidiary level capital is defined as Equity as shown in the balance sheet. Dividends are paid provided adequate resources remain to sustain the Company's development.

**Financial instruments policy**

All instruments utilised by the Company are for financing purposes. The day-to-day financial management and treasury are controlled centrally for all operations.

**Fair value of financial instruments**

As at 31 December 2019 the Company had no other financial instruments other than those disclosed below (2018: £nil). The carrying value of all financial instruments in these financial statements is considered to approximate to their fair value.

	2019 £'000	2018 £'000
<b>Financial assets</b>		
Trade and other receivables	<u>23,524</u>	<u>23,524</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>24,094</u>	<u>24,087</u>
Borrowings	<u>8,265</u>	<u>6,931</u>

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Due to the nature of these receivables Management does not consider the credit risk on these receivables to be high.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**12. Financial instruments - continued**

**Exposure to credit risk**

The carrying value of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	<b>2019</b>	<b>2018</b>
	<b>£,000</b>	<b>£'000</b>
Trade and other receivables	<b>23,524</b>	<b>23,524</b>

The Company applies the expected credit loss approach to establish an allowance for impairment that represents its estimate of expected credit loss in respect of trade and other receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure expected credit losses trade receivables have been grouped based on shared credit characteristics and the days past due.

No financial assets were considered impaired or overdue as at 31 December 2019 (2018: £nil). Trade receivables are written off where there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit, any subsequent recoveries are credited against the same line.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by regular reviews of forecast cash flows in line with contractual maturities of financial liabilities and credit facilities available. Forecast cash flows are reported to the Board on a regular basis.

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**12. Financial instruments - continued**

**Liquidity risk - continued**

The following are the contractual maturities of financial liabilities of the Company:

	Carrying amount £'000	Contractual cash flows £'000	3 months or less £'000	3-12 months £'000	1 - 2 years £'000	2-5 years £'000
<b>As at 31 December 2019</b>						
Trade and other Payables	24,094	24,094	-	24,094	-	-
Borrowings	8,265	11,757	-	-	11,757	-

	Carrying amount £'000	Contractual cash flows £'000	3 months or less £'000	3-12 months £'000	1 - 2 years £'000	2 - 5 years £'000
<b>As at 31 December 2018</b>						
Trade and other Payables	24,087	24,087	-	24,087	-	-
Borrowings	6,931	11,757	-	-	-	11,757

**Sensitivity analysis**

The Company does not have any liabilities which are exposed to external risk factors, such as interest rate movements, for this reason, the Directors do not feel that it is appropriate to complete sensitivity analysis.

**13. Deferred tax**

	2019 £'000	2018 £'000
Current year charge	49	-
Prior year adjustment	(49)	-
Balance at 31 December	-	-

As at 31 December 2019 there was an unrecognised deferred tax asset of £253k.



**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**14. Ultimate parent company**

The immediate parent undertaking is Affinity Living Limited and the ultimate parent undertaking is Vita Group Holdings Limited incorporated in the UK.

The largest and smallest Group in which the results of the Company are consolidated is that headed by Vita Group Holdings Limited, incorporated in the UK. The consolidated financial statements of this company are available to the public and may be obtained from The Registrar of Companies, Companies House, Cardiff, CF4 3UZ.

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**15. Related party disclosures**

The Directors consider Circle Square Investment (Nominee) Limited, along with Vita Group Holdings Limited and all of its subsidiaries and joint ventures to be related parties of the Company.

The following balances with related parties existed at the year end:

	<b>Balance outstanding £'000</b>
<b>31 December 2019</b>	
Select Charles Street Residential LP Limited	23,515
Manchester Charles Street Residential Scottish Limited Partnership	9
Affinity Living Limited	(8,702)
Oxford Property Trading Limited	(14,829)
Bruntwood Oxford Road Holdings Limited	(561)
Circle Square Investment (Nominee) Limited	(8,265)

	<b>Balance outstanding £'000</b>
<b>31 December 2018</b>	
Select Charles Street Residential LP Limited	23,515
Manchester Charles Street Residential Scottish Limited Partnership	9
Affinity Living Limited	(8,694)
Oxford Property Trading Limited	(14,830)
Bruntwood Oxford Road Holdings Limited	(561)
Circle Square Investment (Nominee) Limited	(6,931)

A negative balance indicates an amount payable by the Company. A positive balance indicates an amount receivable by the Company.

All related party balances are unsecured and all transactions are carried out on an arms-length basis.

All recharges are at cost and are apportioned in accordance with an agreed Group recharge methodology. The recharge methodology apportions costs on the basis of service usage.

**Select Charles Street Residential  
(Holdings) Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**

**16. Events after the reporting period**

In March 2020 a global pandemic was declared by the World Health Organisation relating to the Covid-19 virus. The Directors do not believe the pandemic will have a material impact on the Company. Please see note 1 for more details regarding going concern.

**17. Reconciliation of loss before income tax to cash generated from operations**

	<b>Year ended 31/12/19 £'000</b>	<b>Period 22/9/17 to 31/12/18 £'000</b>
Loss before income tax	(2,874)	(1,146)
Investment impairment provision	1,533	-
Finance costs	1,334	1,144
	(7)	(2)
Increase in trade and other payables	7	2
<b>Cash generated from operations</b>	<b>-</b>	<b>-</b>