

Registered number: 00489113

## CHELSEA HARBOUR LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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**CHELSEA HARBOUR LIMITED**

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**COMPANY INFORMATION**

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|-----------------------------|--|
| <b>Directors</b>            | T S Cole<br>M N Steinberg<br>S R Collins                     |
| <b>Registered number</b>    | 00489113   |
| <b>Registered office</b>    | 319 Harbour Yard<br>Chelsea Harbour<br>London<br>SW10 0XD    |
| <b>Independent auditors</b> | haysmacintyre<br>10 Queen Street Place<br>London<br>EC4R 1AG |

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**CHELSEA HARBOUR LIMITED**

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**CHELSEA HARBOUR LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**Business review**

During the year under review occupancy rates remained high and turnover increased by around 1%. Operating profit before revaluation gains and losses however, fell as administrative, marketing and void cost expenses increased. Nevertheless, the business was profitable this year as the company did not provide against doubtful debts from fellow group undertakings and was not charged interest on inter group borrowing.

The company's investment property was maintained at a value of £283,000,000.

**Principal risks and uncertainties****Property values**

Falling property values will have a negative impact on the company's net asset position. The directors ensure that the company's investment property is intensively managed in order to maintain and enhance its value. They constantly review the company's business and income and seek opportunities for further development or more profitable use.

**Finance risk**

The group of which the company is part of, is dependent on loan funding. Following a refinancing in 2016 the loans are not repayable until April 2022. The company prepares long term cashflow and financing forecasts in order to forecast future working capital and long term financing needs. These are reviewed regularly by management as long term future strategy is devised.

**Occupancy levels**

Decreasing occupancy levels will reduce the profitability of the company and returns to investors. Management reduce the risk of vacant units by seeking to let all units to reputable tenants on leases of normal commercial terms and length. Lease expiry dates are reviewed on a regular basis and marketing initiatives commenced for units where management consider there to be a risk that a tenant may leave in advance of the expiry date.

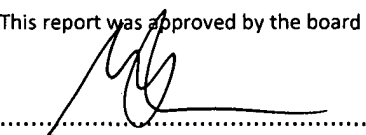
**Interest rate risk**

Where interest rates on loan finance are not fixed the company will face the risk of interest rate rises and an erosion of profitability. Group management have sought to manage the interest rate risk by obtaining the group's finance in the form of a fixed interest loan. Hence group management believe interest rate risk to be low.

**Financial key performance indicators**

The Directors consider occupancy rates to be a key driver of profitability and hence a key performance indicator. Occupancy rates have not significantly fluctuated during the year. As at 30 September 2017 the occupancy rate was 96% (30 September 2016: 96%).

This report was approved by the board on **28 JUNE 2018** and signed on its behalf.

  
.....  
**M N Steinberg**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The directors present their report and the financial statements for the year ended 30 September 2017.

**Results and dividends**

The profit for the year, after taxation, amounted to £3,434,000 (2016 - loss £8,658,000).

The directors do not recommend the payment of a dividend.

**Directors**

The directors who served during the year were:

T S Cole  
M N Steinberg  
S R Collins

**Future developments**

Management intend to further develop the property held by the company.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **28 JUNE 2018** and signed on its behalf.



**M N Steinberg**  
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF CHELSEA HARBOUR LIMITED

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**Opinion**

We have audited the financial statements of Chelsea Harbour Limited (the 'Company') for the year ended 30 September 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 included in the Annual Report, other than the financial statements and our Auditors' 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.

**Opinion 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF CHELSEA HARBOUR LIMITED (CONTINUED)

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

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

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

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

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

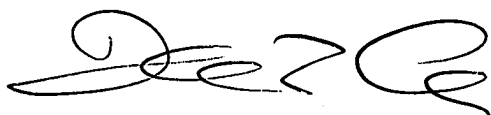
**Auditors' responsibilities for the audit of the financial statements**

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.

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 Auditors' Report.

**Use of our report**

This report is made solely to the Company's shareholder 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 shareholder those matters we are required to state to them in an Auditors' 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 shareholder for our audit work, for this report, or for the opinions we have formed.



David Cox (Senior Statutory Auditor)

for and on behalf of

**haysmacintyre**

Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

Date:

28 / 6 / 18



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**CHELSEA HARBOUR LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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|   | Note | 2017<br>£000        | 2016<br>£000          |
|---|------|---------------------|-----------------------|
| Turnover                                    | 4    | 13,880              | 13,790                |
| <b>Gross profit</b>                         |      | <u>13,880</u>       | <u>13,790</u>         |
| Administrative expenses                     |      | (7,781)             | (6,066)               |
| Other operating income                      | 5    | 1,016               | 694                   |
| <b>Operating profit</b>                     | 6    | <u>7,115</u>        | <u>8,418</u>          |
| Provision against intercompany bad debt     |      | -                   | (2,556)               |
| Interest receivable and similar income      |      | -                   | 1                     |
| Interest payable and expenses               | 7    | (1)                 | (7,569)               |
| Fair value movement in property valuation   |      | (4,472)             | (11,018)              |
| <b>Profit/(loss) before tax</b>             |      | <u>2,642</u>        | <u>(12,724)</u>       |
| Tax on profit/(loss)                        | 8    | 792                 | 4,066                 |
| <b>Profit/(loss) for the financial year</b> |      | <u><u>3,434</u></u> | <u><u>(8,658)</u></u> |

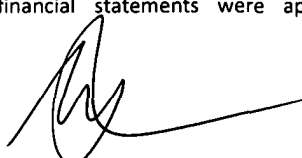
There was no other comprehensive income for 2017 or 2016.

The notes on pages 9 to 18 form part of these financial statements.

BALANCE SHEET  
AS AT 30 SEPTEMBER 2017

|  | Note | 2017<br>£000          | 2016<br>£000          |
|--|------|-----------------------|-----------------------|
| <b>Fixed assets</b>                            |      |                       |                       |
| Tangible assets                                | 9    | 140                   | 180                   |
| Investment property                            | 11   | 283,000               | 283,000               |
|  |      | <u>283,140</u>        | <u>283,180</u>        |
| <b>Current assets</b>                          |      |                       |                       |
| Debtors: amounts falling due within one year   | 12   | 3,519                 | 3,079                 |
| Cash at bank and in hand                       | 13   | 2,609                 | 3,037                 |
|  |      | <u>6,128</u>          | <u>6,116</u>          |
| Creditors: amounts falling due within one year | 14   | (91,145)              | (93,815)              |
| <b>Net current liabilities</b>                 |      | <u>(85,017)</u>       | <u>(87,699)</u>       |
| <b>Total assets less current liabilities</b>   |      | <u>198,123</u>        | <u>195,481</u>        |
| <b>Provisions for liabilities</b>              |      |                       |                       |
| Deferred tax                                   | 15   | (26,280)              | (27,072)              |
| <b>Net assets</b>                              |      | <u><u>171,843</u></u> | <u><u>168,409</u></u> |
| <b>Capital and reserves</b>                    |      |                       |                       |
| Non distributable profit reserve               | 17   | 162,522               | 166,082               |
| Profit and loss account                        | 17   | 9,321                 | 2,327                 |
|  |      | <u>171,843</u>        | <u>168,409</u>        |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
.....  
**M N Steinberg**  
Director

  
.....  
**T S Cole**  
Director

28 JUNE 2018

The notes on pages 9 to 18 form part of these financial statements.

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**CHELSEA HARBOUR LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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|   | Called up share<br>capital<br>£000 | Non<br>distributable<br>reserve<br>£000 | Profit and loss<br>account<br>£000 | Total equity<br>£000 |
|---|------------------------------------|---|------------------------------------|----------------------|
| <b>At 1 October 2015</b>                          | -                                  | 173,182                                 | 3,885                              | 177,067              |
| <b>Comprehensive income for the year</b>          |                                    |   |                                    |                      |
| Loss for the year                                 | -                                  | -                                       | (8,658)                            | (8,658)              |
| <b>Total comprehensive income for the year</b>    | -                                  | -                                       | (8,658)                            | (8,658)              |
| Transfer of unrealised gain (net of deferred tax) | -                                  | (7,100)                                 | 7,100                              | -                    |
| <b>At 1 October 2016</b>                          | -                                  | 166,082                                 | 2,327                              | 168,409              |
| <b>Comprehensive income for the year</b>          |                                    |   |                                    |                      |
| Profit for the year                               | -                                  | -                                       | 3,434                              | 3,434                |
| <b>Total comprehensive income for the year</b>    | -                                  | -                                       | 3,434                              | 3,434                |
| Transfer of unrealised loss (net of deferred tax) | -                                  | (3,560)                                 | 3,560                              | -                    |
| <b>At 30 September 2017</b>                       | -                                  | 162,522                                 | 9,321                              | 171,843              |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**1. General information**

The company is a private limited company registered in England and Wales with the registered number 00489113 and registered office 319 Harbour Yard Chelsea Harbour, London, SW10 0XD. The company's principal activity is property investment and development.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Chelsea Harbour Estates Limited as at 30 September 2017 and these financial statements may be obtained from Companies House.

**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue principally comprises income recognised by the company in respect of rent charged and other ancillary services supplied during the year, exclusive of Value Added Tax and trade discounts. Rental income is recognised on a straight line basis over the term of the lease. Amounts invoiced in advance of a tenancy period are deferred accordingly and recognised as income in the period to which they relate.

**2.4 Exemption from preparing consolidated financial statements**

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. Accounting policies (continued)**

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                       |                       |
|-----------------------|-----------------------|
| Fixtures and fittings | - 20% - 33% per annum |
| Other fixed assets    | - 4% per annum        |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

**2.6 Investment property**

Investment property is carried at fair value determined annually by internally employed valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.8 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.10 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and loans to and from fellow subsidiaries and related parties.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**2.11 Creditors**

Short term creditors are measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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**2. Accounting policies (continued)**

**2.12 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.14 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.15 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**2.16 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Revaluation of investment properties**

The company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The company utilised internally employed valuation specialists to determine the fair value of the investment property at 30 September 2017. The valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the property. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate.

**4. Turnover**

Turnover represents the rental and associated income, net of property related charges, excluding value added tax, derived from tenants and residents.

All turnover arose within the United Kingdom.

**5. Other operating income**

|                 | 2017<br>£000 | 2016<br>£000 |
|-----------------|--------------|--------------|
| Sundry income   | 478          | 163          |
| Fees receivable | 538          | 531          |
|                 | <u>1,016</u> | <u>694</u>   |

**6. Operating profit**

The operating profit is stated after charging:

|  | 2017<br>£000 | 2016<br>£000 |
|--|--------------|--------------|
| Depreciation of tangible fixed assets  | 45           | 57           |
| Impairment of trade debtors  | 53           | 156          |
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | 32           | 30           |
|  | <u></u>      | <u></u>      |

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**CHELSEA HARBOUR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**7. Interest payable and similar charges**

|                               | 2017<br>£000 | 2016<br>£000 |
|-------------------------------|--------------|--------------|
| Bank interest payable         | 1            | 26           |
| Loans from group undertakings | -            | 7,543        |
|                               | <u>1</u>     | <u>7,569</u> |

**8. Taxation**

|  | 2017<br>£000 | 2016<br>£000   |
|--|--------------|----------------|
| <b>Total current tax</b>                       | -            | -              |
| <b>Deferred tax</b>                            |              |                |
| Origination and reversal of timing differences | 120          | (148)          |
| Deferred tax charge on property revaluation    | (912)        | (3,918)        |
| <b>Total deferred tax</b>                      | <u>(792)</u> | <u>(4,066)</u> |
| <b>Taxation on loss on ordinary activities</b> | <u>(792)</u> | <u>(4,066)</u> |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**8. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are explained below:

|   | 2017<br>£000 | 2016<br>£000   |
|---|--------------|----------------|
| Profit/(loss) on ordinary activities before tax   | 2,642        | (12,724)       |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20%) | 515          | (2,545)        |
| <b>Effects of:</b>  |              |                |
| Expenses not deductible for tax purposes  | 873          | 2,721          |
| Non-taxable income  | -            | (4)            |
| Capital gains   | (1,040)      | (2,734)        |
| Transfer pricing adjustments  | (745)        | -              |
| Adjustment to deferred tax rate   | 110          | -              |
| Other differences leading to an increase (decrease) in the tax charge   | -            | (1,318)        |
| Group relief  | (505)        | (186)          |
| <b>Total tax charge for the year</b>  | <b>(792)</b> | <b>(4,066)</b> |

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**CHELSEA HARBOUR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**9. Tangible fixed assets**

|                                     | Fixtures and<br>fittings<br>£000 | Other fixed<br>assets<br>£000 | Total<br>£000 |
|-------------------------------------|----------------------------------|-------------------------------|---------------|
| <b>Cost or valuation</b>            |                                  |                               |               |
| At 1 October 2016                   | 1,990                            | 171                           | 2,161         |
| Additions                           | 5                                | -                             | 5             |
| At 30 September 2017                | 1,995                            | 171                           | 2,166         |
| <b>Depreciation</b>                 |                                  |                               |               |
| At 1 October 2016                   | 1,893                            | 88                            | 1,981         |
| Charge for the year on owned assets | 38                               | 7                             | 45            |
| At 30 September 2017                | 1,931                            | 95                            | 2,026         |
| <b>Net book value</b>               |                                  |                               |               |
| At 30 September 2017                | 64                               | 76                            | 140           |
| At 30 September 2016                | 97                               | 83                            | 180           |

**10. Fixed asset investments****Subsidiary undertaking**

The following is the subsidiary undertaking of the Company:

| Name                 | Class of shares | Holding | Principal activity |
|----------------------|-----------------|---------|--------------------|
| Creative Hat Limited | Ordinary        | 100 %   | Event Organisation |

The investment in Creative Hat Limited is fully impaired. The registered office of Creative Hat Limited is 319 Harbour Yard, Chelsea Harbour, London SW10 0XD.

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**11. Investment property**

|                             | Freehold<br>investment<br>property<br>£000 |
|-----------------------------|--|
| <b>Valuation</b>            |  |
| At 1 October 2016           | 283,000                                    |
| Additions at cost           | 4,472                                      |
| Deficit on revaluation      | (4,472)                                    |
| <b>At 30 September 2017</b> | <b>283,000</b>                             |

The company's investment property has been valued at market value at 30 September 2017. The valuation was provided by the group's in house RICS qualified valuer. The company's parent company Chelsea Harbour Estates Limited, utilises bank and other finance. The group loan facility is secured against this company's investments property and other assets by way of a first legal mortgage and fixed and floating charges.

**12. Debtors**

|                                | 2017<br>£000 | 2016<br>£000 |
|--------------------------------|--------------|--------------|
| Trade debtors                  | 3,140        | 2,810        |
| Prepayments and accrued income | 379          | 269          |
|                                | <u>3,519</u> | <u>3,079</u> |

**13. Cash and cash equivalents**

|                          | 2017<br>£000 | 2016<br>£000 |
|--------------------------|--------------|--------------|
| Cash at bank and in hand | 2,609        | 3,037        |
|                          | <u>2,609</u> | <u>3,037</u> |

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**14. Creditors: Amounts falling due within one year**

|                                    | 2017<br>£000  | 2016<br>£000  |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 1,469         | 1,478         |
| Amounts owed to parent undertaking | 78,079        | 82,853        |
| Other taxation and social security | 836           | 638           |
| Other creditors                    | 5,375         | 5,353         |
| Accruals and deferred income       | 5,386         | 3,493         |
|                                    | <u>91,145</u> | <u>93,815</u> |

**15. Deferred taxation**

|                           | 2017<br>£000    | 2016<br>£000    |
|---------------------------|-----------------|-----------------|
| At beginning of year      | (27,072)        | (31,138)        |
| Charged to profit or loss | 792             | 4,066           |
| <b>At end of year</b>     | <u>(26,280)</u> | <u>(27,072)</u> |

The provision for deferred taxation is made up as follows:

|                                    | 2017<br>£000    | 2016<br>£000    |
|------------------------------------|-----------------|-----------------|
| Accelerated capital allowances     | (2,470)         | (2,350)         |
| Deferred tax on property valuation | (23,810)        | (24,722)        |
|                                    | <u>(26,280)</u> | <u>(27,072)</u> |

**16. Share capital**

|   | 2017<br>£  | 2016<br>£  |
|---|------------|------------|
| <b>Shares classified as equity</b>        |            |            |
| <b>Allotted, called up and fully paid</b> |            |            |
| 200 Ordinary shares of £1 each            | <u>200</u> | <u>200</u> |

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**CHELSEA HARBOUR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Reserves****Profit and loss account**

This reserve includes all accumulated profits and losses of the company.

**Non distributable reserve**

The non distributable reserve includes all accumulated unrealised gains and losses on the company's investment property net of deferred tax.

**18. Pension commitments**

The group operates a defined contribution pension scheme. The pension cost for the year represents contributions payable by the group to the fund and amounts to £70,000 (30 September 2016: £29,964). No amounts were outstanding at the year end.

**19. Related party transactions**

Advantage has been taken of exemptions under FRS 102 not to disclose transactions between wholly owned fellow subsidiary companies of the CHEL (Shares) LLP group. The following balances are due to related parties at the year end:

|                                | 2017<br>£000 | 2016<br>£000 |
|--------------------------------|--------------|--------------|
| Companies under common control | (35)         | (74)         |

Management fees of £300,000 (2016: £285,000) and costs of £177,928 (2016: £130,306) in respect of IT support were paid to companies related to Chelsea Harbour Limited by virtue of common directors and ultimate shareholders.

In the opinion of the Directors there are no key management personnel except for the directors. The directors do not receive remuneration from the company.

**20. Controlling party**

The smallest group into which the company is consolidated is Chelsea Harbour Estates Limited, which is registered in England and Wales.

The company's ultimate parent undertaking, and largest group into which the company is consolidated is CHEL (Shares) LLP, an entity registered in England and Wales. The directors do not consider there be a controlling party.