

Registered number: 00489113

**CHELSEA HARBOUR LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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CHELSEA HARBOUR LIMITED

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COMPANY INFORMATION

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**Directors** M N Steinberg  
S R Collins  
N Cole (appointed 28 June 2023)

**Registered number** 00489113

**Registered office** 319 Harbour Yard  
Chelsea Harbour  
London  
SW10 0XD

**Independent auditors** Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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The directors present their strategic report for the year ended 30 September 2022.

**Business review**

During the year under review occupancy rates remained high as the site continued to perform well. During the current financial year the company acquired the long term lease on the Design Centre North, a property opposite the Design Centre, for £15,000,000. Hence, the investment property's value increased from £337,000,000 to £352,000,000.

During the year the group refinanced its loan, increasing the amount from £188,500,000 to £217,500,000. The new loan is not repayable until December 2026. The group's financing structure ensures a strong stable base on which to grow the business.

**Principal risks and uncertainties**

The Company is exposed to Finance and cash flow risk, Property value risk, Tenant credit risk, falling occupancy levels and Third party risk.

**Finance and cash flow risk**

The group of which the company is part of, is dependent on loan funding. On 21 December 2021, the group refinanced its loan, increasing the amount from £188,500,000 to £217,500,000. The new loan is not repayable until December 2026. The company prepares long term cashflow and financing forecasts in order to de-risk its long term strategy, forecast future working capital and long term financing needs. These are reviewed regularly by management and updated as necessary.

**Property value risk**

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, seeking opportunities for further development or more profitable use

**Tenant credit risk and 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.

**Third party risk**

The Company is exposed to third party risk as they entered into agreements and cross guarantees with fellow group undertakings in respect of loan facility held by the parent undertaking as detailed in Note 19.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**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 2022 the occupancy rate was 94% (30 September 2021: 94%).

This report was approved by the board on 29 June 2023 and signed on its behalf.

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**M N Steinberg**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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The directors present their report and the financial statements for the year ended 30 September 2022.

**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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

**Principal activity**

The Company's principal activity is property investment and the provision of property management services.

**Results and dividends**

The profit for the year, after taxation, amounted to £6,380,000 (2021 - £11,148,000)

During the year final dividends of £168,670,000 were paid.

**Directors**

The directors who served during the year were:

M N Steinberg

S R Collins

T S Cole (Deceased 19 December 2022)

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**Future developments**

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

**Matters covered in the Strategic Report**

Exposure to risk are discussed in the strategic report.

**Disclosure of information to auditors**

Each of the persons who are directors at this Director's report is approved has confirmed that

- so far as the directors are aware there is no relevant information of which the Company's auditors are unaware and;
- the directors have taken all steps that ought to have been taken 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 LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 June 2023 and signed on its behalf.

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**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 2022, 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 2022 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**

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

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

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

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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

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**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 company and tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

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 revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

Inspecting correspondence with regulators and tax authorities;

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

- Evaluating management's controls designed to prevent and detect irregularities;

- Identifying and testing journals, in particular journal entries which exhibited characteristics we had identified as potentially being indicative of irregularities; and

- Challenging assumptions and judgements made by management in their critical accounting estimates, principally being the investment property valuation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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

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**Use of our report**

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Tom Stock (Senior Statutory Auditor)

for and on behalf of

**Haysmacintyre LLP**

Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

30 June 2023

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	4	16,161	12,995
<b>Gross profit</b>		<u>16,161</u>	<u>12,995</u>
Administrative expenses		(8,375)	(7,783)
Other operating income	5	977	1,861
(Deficit)/Gain on property valuation	12	(2,617)	18,953
<b>Operating profit</b>	6	<u>6,146</u>	<u>26,026</u>
Interest payable and similar expenses	8	(14)	(5)
<b>Profit before tax</b>		<u>6,132</u>	<u>26,021</u>
Tax on profit	9	248	(14,873)
<b>Profit for the financial year</b>		<u><u>6,380</u></u>	<u><u>11,148</u></u>

There was no other comprehensive income for 2022 (2021:£000NIL).

The notes on pages 12 to 26 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	10	42	49
Investment property	12	352,000	337,000
		<u>352,042</u>	<u>337,049</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	3,249	3,272
Cash at bank and in hand	14	1,659	2,924
		<u>4,908</u>	<u>6,196</u>
Creditors: amounts falling due within one year	15	(260,639)	(84,396)
<b>Net current liabilities</b>		<u>(255,731)</u>	<u>(78,200)</u>
<b>Total assets less current liabilities</b>		<u>96,311</u>	<u>258,849</u>
<b>Provisions for liabilities</b>			
Deferred tax	16	(45,719)	(45,967)
		<u>(45,719)</u>	<u>(45,967)</u>
<b>Net assets</b>		<u><u>50,592</u></u>	<u><u>212,882</u></u>
<b>Capital and reserves</b>			
Non distributable reserve	18	3,283	173,990
Profit and loss account	18	47,309	38,892
		<u><u>50,592</u></u>	<u><u>212,882</u></u>

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

M N Steinberg  
Director

S R Collins  
Director

Date: 29 June 2023

The notes on pages 12 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £000	Non distributable reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 October 2020</b>	-	168,596	33,138	201,734
Profit for the year	-	-	11,148	11,148
<b>Total comprehensive income for the year</b>	-	-	11,148	11,148
Transfer from profit and loss account	-	5,394	(5,394)	-
<b>At 1 October 2021</b>	-	173,990	38,892	212,882
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	6,380	6,380
<b>Total comprehensive income for the year</b>	-	-	6,380	6,380
Bonus shares issued during the year	168,670	-	-	168,670
Transfer from profit and loss account	-	(2,037)	2,037	-
Transfer on issue of bonus shares	-	(168,670)	-	(168,670)
Capital reduction	(168,670)	-	168,670	-
Dividends Paid	-	-	(168,670)	(168,670)
<b>Total transactions with owners</b>	-	(170,707)	2,037	(168,670)
<b>At 30 September 2022</b>	-	3,283	47,309	50,592

The notes on pages 12 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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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 the provision of property management services.

**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 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 11.42, 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 2022 and these financial statements may be obtained from the registered address, 319 Harbour Yard Chelsea Harbour, London, SW10 0XD.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The financial statements have been prepared on the going concern basis.

The group's (held by Chelsea Harbour Estates Limited) bank loan of £188,500,000 (before capitalised finance costs) was refinanced. The refinancing increased the facility from £188,500,000 to £217,500,000. The new loan is not repayable until December 2026.

The members consider the going concern basis to be appropriate because the Group has reviewed its cash flow forecasts, rental income growth, the availability of the newly refinanced loan facilities and considered the impact on going concern, concluding that the going concern basis remains as appropriate basis of preparation for these financial statements given the likely cashflow impact of operations 12 months from the date of signing this report.

**2.4 Functional currency**

The company's financial statements are presented in pounds sterling, which is also the Company's functional currency. Amounts are rounded to the nearest pound, unless otherwise stated.

**2.5 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 the UK and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**2.6 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 and property management fees are recognised on an accrual 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. Equally, amounts invoiced after the commencement of a lease, are adjusted so the total receivable over the lease term is recognised on a straight-line basis

Lease premium income is recognised upon receipt in its entirety, as no further rights and obligations are due to the leaseholders.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**2. Accounting policies (continued)**

**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model 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% to 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 profit or loss.

**2.8 Investment property**

Investment properties, which is property held to earn rentals and/or for capital appreciation, is initially are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

**2.9 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.10 Debtors**

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

**2.11 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.

**2.12 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities which includes trade and other debtors and creditors, and loans to and from

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**2. Accounting policies (continued)**

**2.12 Financial instruments (continued)**

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.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.13 Creditors**

Short term creditors are measured at the transaction price.

**2.14 Operating leases: the Company as lessor**

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

**2.15 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 2022**

**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.

**Significant judgements:**

The following are the significant judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Going Concern**

Significant judgement is required in the Group's assessment of the Company's use of the Going Concern basis, and further information on this is included in note 2.3. These include preparing cashflow, and budgets and timing of events held in the next accounting period.

**Critical accounting estimates:**

**Valuation of Investment Properties**

As described in note 13 to the financial statements, investment properties are stated at fair value based on the valuation performed by an in house qualified valuer with recent experience in the location and category of property valued. The valuer used observable market prices adjusted as necessary for any difference in the future, location or condition of the specific asset. The valuation has been prepared using an income capitalisation

approach and an estimated Net Initial Yield (NIY) of between 4.1% and 5.5%. The valuation uses expected rental values of the company's properties net of estimated running costs, adjusted as necessary for any difference in the future, location or condition of the specific asset.

Should the NIY vary from the estimated figure used and should actual rental values achieved or running costs

incurred in future periods vary from those used in the valuation, the valuation of the properties would change.

**4. Turnover**

	2022 £000	2021 £000
Rental Income	16,161	12,995
	<u>16,161</u>	<u>12,995</u>

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**5. Other operating income**

	2022 £000	2021 £000
Lease Premium income	377	1,269
Property management fees	600	592
	<u>977</u>	<u>1,861</u>

**6. Operating profit**

The operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation Expense	7	12
Impairment of trade receivables	<u>214</u>	<u>95</u>

**7. Auditors' remuneration**

	2022 £000	2021 £000
Fees payable to the Company's auditors for the audit of the Company's financial statements	23	27
The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.		

**8. Interest payable and similar expenses**

	2022 £000	2021 £000
Bank interest payable	14	5
	<u>14</u>	<u>5</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**9. Taxation**

	2022 £000	2021 £000
<b>Deferred tax</b>		
Deferred tax (credit) charge on property revaluation	(580)	4,856
Changes to tax rates	-	9,819
Fixed asset timing differences	332	198
<b>Total deferred tax</b>	<b>(248)</b>	<b>14,873</b>
<b>Taxation on (loss)/profit on ordinary activities</b>	<b>(248)</b>	<b>14,873</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	<u>6,132</u>	<u>26,021</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,205	4,944
<b>Effects of:</b>		
Capital allowances for year in excess of depreciation	-	2
Capital (losses)/gains	(427)	3,682
Other differences leading to an increase in the tax charge	1,157	7,353
Group relief	-	(430)
Transfer pricing adjustments	(2,183)	(678)
<b>Total tax charge for the year</b>	<b>(248)</b>	<b>14,873</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10. Tangible fixed assets

	Fixtures and fittings £000	Other fixed assets £000	Total £000
<b>Cost or valuation</b>			
At 1 October 2021	30	69	99
At 30 September 2022	30	69	99
<b>Depreciation</b>			
At 1 October 2021	30	20	50
Charge for the year	-	7	7
At 30 September 2022	30	27	57
<b>Net book value</b>			
At 30 September 2022	-	42	42
At 30 September 2021	-	49	49

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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11. Fixed asset investments

**Subsidiary undertaking**

The following was the sole subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Creative Hat Limited	319 Harbour Yard, Chelsea Harbour, London SW10 0XD	Ordinary	100 %



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022

12. Investment property

	Freehold investment property £000
<b>Valuation</b>	
At 1 October 2021	337,000
Additions at cost	17,315
Movement in rent free debtor	302
Deficit on revaluation	(2,617)
	<u>352,000</u>
<b>At 30 September 2022</b>	<u><u>352,000</u></u>

The bank loan facility held in the company's immediate parent, Chelsea Harbour Estates Limited is secured by the Company's land and buildings which have a carrying value of £352m (2021: £337m).

The company's investment property has been valued at market value at 30 September 2022. The 2022 valuations was provided by the group's in house RICS qualified valuer and adopted by the directors. The valuation has been prepared using an income capitalisation approach and a Net Initial Yield of between 4.1% and 5.5% depending on the type of property being valued. As disclosed in Note 3, the valuation includes an estimation of the Net Initial Yield and expected rental values of the Group's properties adjusted as necessary for any difference in the future, location or condition of the specific asset.

The company's parent company, Chelsea Harbour Estates Limited, utilises bank and other finance. The group loan facility is secured against this company's investment property and other assets by way of a first legal mortgage and fixed and floating charges.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2022 £000	2021 £000
Historic cost	<u>138,143</u>	<u>120,828</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022

13. Debtors

	2022 £000	2021 £000
Trade debtors	2,419	2,692
Other debtors	86	85
Prepayments and accrued income	744	495
	<u>3,249</u>	<u>3,272</u>

14. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	1,659	2,924
	<u>1,659</u>	<u>2,924</u>

15. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	4,266	2,985
Amounts owed to group undertakings	246,551	72,037
Other taxation and social security	1,241	1,641
Other creditors	2,997	2,431
Accruals and deferred income	5,584	5,302
	<u>260,639</u>	<u>84,396</u>

The balance of £246,622,000 (2021: £72,037,000) to the parent company is repayable on demand. It is unsecured and does not bear interest.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022

16. Deferred taxation

	2022 £000	2021 £000
At beginning of year	(45,967)	(31,094)
Charged to the profit or loss	248	(14,873)
<b>At end of year</b>	<b>(45,719)</b>	<b>(45,967)</b>

The provision for deferred taxation is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	(5,179)	(4,847)
Deferred tax on property valuation	(40,540)	(41,120)
	<b>(45,719)</b>	<b>(45,967)</b>

17. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
200 (2021 - 200) Ordinary shares of £1.00 each	<u>200</u>	<u>200</u>

In December 2021, the company issued 168,670,000 Ordinary £1 shares at par. Subsequently the Company's share capital was reduced by the cancellation of 168,670,000 shares.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**18. Reserves**

**Other reserves**

The non distributable reserve includes all accumulated unrealised gains and losses on the company's investment property net of deferred tax. These balances arise via an annual transfer from the profit and loss reserve for amounts pertaining to the investment property valuation net of related deferred tax.

**Profit and loss account**

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

**19. Contingencies and guarantees**

The company has entered into a cross-guarantee and debenture across the company's investment properties in respect of the debt of its parent undertaking and fellow subsidiaries. Chelsea Harbour Limited has entered into a cross guarantee with Chelsea Harbour Estates Limited, CHEL (No. 3) Limited, Chelsea Harbour Property Management Limited and Creative Hat Limited. At 30 September 2022 the total amount outstanding subject to the guarantee was £217,500,000 (2021: £188,500,000).

**20. Commitments under operating leases**

The Group has entered into leases on its property portfolio, the commercial property leases typically have remaining lease terms between 1 and 9 years and include clauses to enable periodic upward revisions of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

The Group has also entered into leases where it receives annual ground rent from the tenants. The leases typically have remaining lease terms between 90 years and 180 years and include clauses to enable periodic upward revisions of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

At 30 September 2022 the Group had future minimum lease receipts under non cancellable operating leases as follows, as at the year end break clauses are not expected to be taken:

At 30 September 2022 the Company had future minimum lease receipts due under non-cancelable operating leases for each of the following periods:

	2022 £000	2021 £000
Not later than 1 year	13,290	13,029
Later than 1 year and not later than 5 years	13,179	16,628
Later than 5 years	373	2,383
	<u>26,842</u>	<u>32,040</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**21. 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 from/(to) related parties at the year end:

	2022 £000	2021 £000
Companies under common control	(1,358)	(255)
LLP under common control	<u>(71)</u>	<u>260</u>

During the year a property was purchased for £15,000,000 from CH Associates LLP, related by virtue of common control. No amounts were outstanding in relation to the property transaction at year end.

Management fees of £ 446,500 (2021: £300,000) and costs of £232,059 (2021: £263,000) in respect of IT support were paid to companies related to Chelsea Harbour Limited by virtue of common directors and ultimate shareholders. Rent of £75,403 (2021: £57,378) was received from companies related by virtue of common directors and ultimate shareholders.

**22. Immediate and ultimate 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 immediate parent undertaking and controlling party is Chelsea Harbour Estates Limited.

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