

Company Registration No. 06096854

NORTHUMBERLAND ESTATES 2007 LIMITED

Report and Financial Statements

31 March 2020



Directors

Roderick Charles St. John Wilson
Colin Barnes
Lesley Ilderton

Auditors

RSM UK Audit LLP
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Registered Office

Quayside House, Suite 2A
110 Quayside
Newcastle upon Tyne
NE1 3DX

Registered No. 06096854

Directors' report

The directors present their report and financial statements for the year ended 31 March 2020.

Principal activity and review of the business

The principal activity of the company is that of a holding company.

The company previously invested in a joint venture entity that owned investment property located in Germany. The investment property was held in a German registered entity. During the period ended 31 March 2017 the investment property was sold to a related entity within the Northumberland Estates Limited group.

Going concern

The directors have prepared detailed forecasts which have been updated to consider the impact of the covid 19 pandemic on revenues and working capital. The directors, with reference to these forecasts, consider that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The directors are shown on page 1. Colin Davidson resigned on 4 September, 2020.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint RSM UK Audit LLP as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the Board



Lesley Ilderton

Director

23/10/20

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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 NORTHUMBERLAND
ESTATES 2007 LIMITED**

Opinion

We have audited the financial statements of Northumberland Estates 2007 Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position 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 United Kingdom Accounting Standards including FRS 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 company's affairs as at 31 March 2020 and of its profit for the period 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 Auditor's 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHUMBERLAND
ESTATES 2007 LIMITED CONTINUED**

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 year 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHUMBERLAND
ESTATES 2007 LIMITED CONTINUED**

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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Claire Leece (Senior statutory auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

23 OCTOBER 20

Income statement

for the year ended 31 March 2020

	Notes	2020 £	2019 £
Operating expenses		62,601	104,636
Operating profit	2	62,601	104,636
Profit before interest and taxation		62,601	104,636
Interest receivable and similar income	4	186,693	186,693
Interest payable and similar charges	5	(72,649)	(95,750)
Profit before taxation		176,645	195,579
Tax	6	-	-
Profit for the financial year		176,645	195,579

All amounts relate to continuing activities.

Statement of comprehensive income

There is no comprehensive income other than the profit attributable to the shareholders of the company of £176,645 in the year ended 31 March 2020 (2019 - £195,579).

Statement of changes in equity

for the year ended 31 March 2020

	Called-up share capital	Profit and loss account	Shareholders equity
	£	£	£
<i>At 1 April 2018</i>	1	3,188,040	3,188,041
Profit for the year	-	195,579	195,579
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	195,579	195,579
<i>At 31 March 2019</i>	1	3,383,619	3,383,620
Profit for the year	-	176,645	176,645
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	176,645	176,645
<i>At 31 March 2020</i>	1	3,560,264	3,560,265

Company registration no.: 06096854

Statement of financial position

at 31 March 2020

	Notes	2020 £	2019 £
Current assets			
Debtors	7	11,189,902	11,003,269
Cash at bank and in hand		<u>258,038</u>	<u>195,453</u>
		11,447,940	11,198,722
Creditors: amounts falling due within one year	8	<u>(7,887,675)</u>	<u>(7,815,102)</u>
Net current assets		3,560,265	3,383,620
Net assets		<u>3,560,265</u>	<u>3,383,620</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		<u>3,560,264</u>	<u>3,383,619</u>
Shareholders' funds		<u>3,560,265</u>	<u>3,383,620</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. These financial statements were approved by the Board of Directors on 23 OCTOBER 2020 and approved on their behalf by:



Lesley Ilderton
Director

Notes to the financial statements

at 31 March 2020

1. Accounting policies

Statement of compliance

Northumberland Estates 2007 Limited is a limited company incorporated in England. The Registered Office is Quayside House, Suite 2A, 110 Quayside, Newcastle upon Tyne, NE1 3DX.

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- 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 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Section 33.7 Related Party Disclosures

The group in which the results of the Company are consolidated is Northumberland Estates Limited. Consolidated financial statements are available from the aforementioned registered office.

The company has adopted the amendments to FRS 102 published in the Triennial review 2017. This has resulted in no changes in accounting policies and no change in the current or prior year figures presented in the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards.

The accounting principles used to prepare the financial statements are based on historical cost, unless stated otherwise.

The financial statements are prepared in GBP sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Significant accounting policies

Going concern

The directors have prepared detailed forecasts which have been updated to consider the impact of the covid 19 pandemic on revenues and working capital. The directors, with reference to these forecasts, consider that the company has adequate resources to continue in operational existence for the 12 months from approval of financial statements (foreseeable future). Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Deferred taxation

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

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

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

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to its financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Notes to the financial statements

at 31 March 2020

1. Accounting policies (continued)

Financial instruments (continued)

Basic financial assets

Basic financial assets, which include trade, other and group debtors along with cash and bank balances, which are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade other and group creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Notes to the financial statements

at 31 March 2020

1. Accounting policies (continued)

Financial instruments (continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

2. Operating profit

This is stated after charging

	2020	2019
	£	£
Auditors' remuneration – audit services	-	-

The fee for audit services for the period ended 31 March 2020 and 31 March 2019 has as not been charged in the profit and loss account as the expense has been borne by the ultimate parent undertaking.

3. Directors' remuneration and staff costs

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the year (2019 - £nil). The apportionment of time spent by Directors' and staff is not separately recorded and no cost has been allocated in this regard.

4. Interest receivable and similar income

	2020	2019
	£	£
Interest receivable from related parties	186,693	186,693

5. Interest payable and similar charges

	2020	2019
	£	£
Interest payable to related parties	72,649	95,750

Notes to the financial statements

at 31 March 2020

6. Tax

Tax on profit is made up as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax on the profit for the year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	204,671
Adjustments in respect of previous years	-	(204,671)
Deferred tax	-	-
Total tax (note 6 (b))	-	-

(b) Factors affecting tax for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020	2019
	£	£
Profit before tax	176,645	195,579
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	33,563	37,160
Effects of:		
Group relief claimed	(33,563)	-
Income not taxable	-	(1,727)
Change in tax rates	-	(30,349)
Chargeable gains	-	252,880
Adjustments in respect of prior years	-	(204,671)
Deferred tax not recognised	-	(53,293)
Total tax (note 6(a))	-	-

Notes to the financial statements

at 31 March 2020

6. Tax (continued)

The company's deferred taxation is as follows:

	2020		2019	
	<i>Provided</i>	<i>Unprovided</i>	<i>Provided</i>	<i>Unprovided</i>
	£	£	£	£
Losses	-	-	-	-
Timing differences – non trading	-	-	-	-
	-	-	-	-

(c) Factors affecting future tax charge

The company's results for this accounting period are taxed at an effective rate of 19%, which was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the tax rate from 19% to 17%. This will increase the company's future current tax charge accordingly.

7. Debtors

	2020	2019
	£	£
Amounts owed by related parties (note 10)	-	90
Amounts owed by group undertakings	11,189,902	11,003,179
	<u>11,189,902</u>	<u>11,003,269</u>

8. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to related parties (note 10)	13	-
Amounts owed to group undertakings	7,887,662	7,815,102
	<u>7,887,675</u>	<u>7,815,102</u>

9. Issued share capital

	2020		2019	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	1	<u>1</u>	1	<u>1</u>

10. Related party transactions

The company has not disclosed transactions with other Group companies, as it has taken advantage of the exemption contained within FRS 102.33.1A on the grounds that the subsidiaries are wholly owned.

During the period ended 31 March 2018, Objekt Schwabach Investments GmbH (a related entity of Northumberland Estates 2007 and a subsidiary undertaking of the ultimate parent undertaking – Northumberland Estates Limited) advanced a loan of €5,000,000. Interest is charged at 2% per annum and the amount paid in the year ended 31 March 2020 was £72,649 (2019 – £95,750).

Notes to the financial statements

at 31 March 2020

10. Related party transactions (continued)

During the year ended 31 March 2020 the loan was novated to Northumberland Estates Limited, the company's ultimate parent undertaking and hence amount due at the year end was £nil.

The UK sterling amount owed at 31 March 2020 amounted to £nil (2019 - £4,765,272) and is included within amounts owed to group undertakings.

During the year ended 31 March 2018 the company advanced a loan of £10,668,155 to Swiss Land Estates SA (a subsidiary undertaking of the ultimate parent undertaking – Northumberland Estates Limited), interest is charged at 2% per annum and interest receivable in the year ended 31 March 2020 amounted to £186,693 (2019 – £186,693).

At 31 March 2020 the company owed £13 (2019 - £90 owed from) to one trust within the Traditional Estate.

11. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Northumberland Estates Limited, a company registered in England. The group financial statements of Northumberland Estates Limited can be obtained from Quayside House, Suite 2A, 110 Quayside, Newcastle upon Tyne, NE1 3DX.

The Duke of Northumberland is regarded the ultimate controlling party at 31 March 2020 as he is a shareholder and trustee of various trusts within the Traditional Estate.