

Company Registration No. 473566 (England and Wales)

SOHO ESTATES LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

SOHO ESTATES LIMITED

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SOHO ESTATES LIMITED

COMPANY INFORMATION

Directors S Norris
J James
F James
M Egglenton
R Wood
P Whalan
P Thompson

Secretary R Wood

Company number 473566

Registered office 58 Wardour Street
London
W1D 4JQ

Auditor KPMG LLP
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

SOHO ESTATES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Principal activities

The principal activity of the group continued to be that of property investment, substantially, but not exclusively, in the W1 postal district. The group also has an interest in projects in the United Arab Emirates.

Principal risks and uncertainties

The Group's principal activity is that of property investment. We invest in real estate primarily in London's Soho which is rated as prime real estate, enjoying a diverse economy with high occupancy rates in our target markets. Our carefully-curated and managed portfolio continues to enjoy sustained, broad-based occupier demand for space.

The Group understands and respects the "village" in which we operate and reacts accordingly. We understand the requirements of our tenants and have helped in times of recession to maintain their cash flow and keep the small businesses of Soho thriving, whilst also helping some of our tenants to grow into major concerns, and we continue to do so during Covid19.

The Group is closely involved with the local authority and community stakeholders to assist the evolution of Soho. We continue to contribute to upgrading the area to improve public safety and security.

The Group has a long term strategy view of Soho centred on building the future whilst respecting the past and does not fear the short term changes in the market place. Our objectives are:

- To produce a sustainable growth through long-term investment in our portfolio and careful management
- To build a strong company for future generations
- To mitigate risk on future market changes

The risks to the Group are that planning laws become restrictive and prohibit or frustrate our enhancement of the Estate. Although this would not cause a loss in revenue it would lead to suboptimal development of a key area at London's heart. The Group has a small exposure to a rise in interest rates and is comfortable that there is sufficient headroom to cope with a higher than anticipated increase and therefore does not pose a significant concern. The Group is also exposed to the risk that the demand for commercial and/or residential properties in Soho decreases but the Group operates with low overheads and is not concerned that this would have a material effect. As of recent times Covid19 has had an impact on the Group post year-end. Turnover is likely to decrease as we strategically support our Estate, but as an actively managed Company, costs can be minimised to ensure the Group remains profitable.

The Estate continues to develop and currently has a significant project which is due to complete in 2022 adding high quality retail, hospitality and offices to the area.

The key performance indicators (KPI's) are rental growth, both current and potential, high occupancy level and low obsolescence. These underpin long-term growth in capital values.

The financial statements of Soho Estates Limited have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

On behalf of the board



S Norris

Director

11 September 2020

SOHO ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Principal activities

The principal activity of the company and group primarily continued to be that of property investment and development.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Norris
J James
F James
M Egglenton
R Wood
P Whalan
P Thompson

Results and dividends

The results for the year are set out on page 7.

The directors recommend the payment of a dividend of £nil (2019: £nil).

It is proposed that the retained profit is transferred to the group's reserves.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



S Norris
Director

11 September 2020

SOHO ESTATES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 or of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

SOHO ESTATES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOHO ESTATES LIMITED

Opinion

We have audited the financial statements of Soho Estates Limited (the 'company') for the year ended 31 March 2020 which comprise the Group statement of comprehensive income, Group balance sheet, Company balance sheet, Group statement of changes in equity, Company statement of changes in equity, Group statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – uncertain valuation of investment property

We draw attention to note 2 to the consolidated financial statements which states that the independent external valuations of investment properties at the reporting date are reported on the basis of 'material valuation uncertainty' due to the potential economic effect of the Coronavirus (COVID-19) Global Pandemic. Consequently, more subjectivity is associated with the valuation of investment property than would normally be the case. Our opinion is not modified in respect of this matter.

Going Concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

SOHO ESTATES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SOHO ESTATES LIMITED

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Responsibilities of directors

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

SOHO ESTATES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SOHO ESTATES LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.



Anthony Hambleton (Senior Statutory Auditor)
for and on behalf of KPMG LLP

18 September 2020

Chartered Accountants
Statutory Auditor

St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

SOHO ESTATES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	34,105	33,736
Cost of sales		(1,808)	(1,805)
Gross profit		<u>32,297</u>	<u>31,931</u>
Administrative expenses		(6,828)	(5,899)
Fair value movement on investment property	7	(15,276)	14,151
Operating profit		<u>10,193</u>	<u>40,183</u>
Share of results of associates and joint ventures		-	(100)
Interest receivable and similar income	8	196	180
Interest payable and similar expenses	9	(9,194)	(8,949)
Profit before taxation		<u>1,195</u>	<u>31,314</u>
Tax on profit	10	(6,513)	(4,641)
(Loss)/profit for the financial year		<u><u>(5,318)</u></u>	<u><u>26,673</u></u>

(Loss)/profit for the financial year is all attributable to the owner of the parent company.

Total comprehensive income for the year is all attributable to the owner of the parent company.

Notes on page 13 to 28 form part of the financial statements.

SOHO ESTATES LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		546		616
Investment properties	12		1,027,140		995,766
			<u>1,027,686</u>		<u>996,382</u>
Current assets					
Debtors	15	23,573		15,455	
Cash at bank and in hand		22,215		10,120	
		<u>45,788</u>		<u>25,575</u>	
Creditors: amounts falling due within one year	16	<u>(23,042)</u>		<u>(40,144)</u>	
Net current assets/(liabilities)			<u>22,746</u>		<u>(14,569)</u>
Total assets less current liabilities			<u>1,050,432</u>		<u>981,813</u>
Creditors: amounts falling due after more than one year	17		<u>(293,834)</u>		<u>(223,834)</u>
Provisions for liabilities					
Deferred tax liability	19	67,298		63,361	
			<u>(67,298)</u>		<u>(63,361)</u>
Net assets			<u><u>689,300</u></u>		<u><u>694,618</u></u>
Capital and reserves					
Called up share capital	20		100		100
Share premium account			155,036		155,036
Revaluation reserve			405,075		424,350
Distributable profit and loss reserves			129,089		115,132
Total equity			<u><u>689,300</u></u>		<u><u>694,618</u></u>

The financial statements were approved by the board of directors and authorised for issue on 11 September 2020 and are signed on its behalf by:



S Norris

Chairman

Company Registration No. 00473566

SOHO ESTATES LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		36		44
Investment properties	12		814,929		824,619
Investments	13		3,656		3,656
			<u>818,621</u>		<u>828,319</u>
Current assets					
Debtors	15	184,850		140,321	
Cash at bank and in hand		21,115		9,898	
		<u>205,965</u>		<u>150,219</u>	
Creditors: amounts falling due within one year	16	(16,249)		(39,494)	
Net current assets			<u>189,716</u>		<u>110,725</u>
Total assets less current liabilities			<u>1,008,337</u>		<u>939,044</u>
Creditors: amounts falling due after more than one year	17		(293,834)		(223,834)
Provisions for liabilities					
Deferred tax liability	19	61,311		57,785	
		<u>(61,311)</u>		<u>(57,785)</u>	
Net assets			<u>653,192</u>		<u>657,425</u>
Capital and reserves					
Called up share capital	20		100		100
Share premium account			155,036		155,036
Revaluation reserve			372,048		389,319
Distributable profit and loss reserves			126,008		112,970
Total equity			<u>653,192</u>		<u>657,425</u>

As permitted by Section 408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £4,233,000 (2019: profit of £25,573,000).

The financial statements were approved by the board of directors and authorised for issue on 11 September 2020 and are signed on its behalf by:



S Norris

Director

Company Registration No. 00473566

SOHO ESTATES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2018	100	155,036	412,329	100,480	667,945
Year ended 31 March 2019:					
Profit for the year	-	-	-	26,673	26,673
Transfer of depreciation to revaluation reserve	-	-	(184)	184	-
Transfer to revaluation reserve	-	-	14,151	(14,151)	-
Movement of deferred tax on revaluation reserve	-	-	(1,946)	1,946	-
Balance at 31 March 2019	100	155,036	424,350	115,132	694,618
Year ended 31 March 2020:					
Loss for the year	-	-	-	(5,318)	(5,318)
Transfer of depreciation to revaluation reserve	-	-	(62)	62	-
Transfer to revaluation reserve	-	-	(15,276)	15,276	-
Movement of deferred tax on revaluation reserve	-	-	(3,937)	3,937	-
Balance at 31 March 2020	100	155,036	405,075	129,089	689,300

SOHO ESTATES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2018	100	155,036	377,597	99,119	631,852
Year ended 31 March 2019:					
Profit for the year	-	-	-	25,573	25,573
Transfer to revaluation reserve	-	-	13,547	(13,547)	-
Movement on deferred tax on revaluation reserve	-	-	(1,825)	1,825	-
Balance at 31 March 2019	100	155,036	389,319	112,970	657,425
Year ended 31 March 2020:					
Loss for the year	-	-	-	(4,233)	(4,233)
Transfer to revaluation reserve	-	-	(13,745)	13,745	-
Movement on deferred tax on revaluation reserve	-	-	(3,526)	3,526	-
Balance at 31 March 2020	100	155,036	372,048	126,008	653,192

SOHO ESTATES LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020		2019	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
(Loss) / profit for the year		(5,318)		26,673
Depreciation, amortisation and impairment		81		202
Change in value of investment property		15,276		(14,151)
Loss on joint venture		-		100
Interest receivable		(196)		(180)
Interest payable		9,194		8,949
Taxation		6,513		4,641
		<u>25,550</u>		<u>26,234</u>
Net cash inflow from operating activities				
Increase in trade and other debtors		(6,947)		(2,887)
(Decrease) in trade and other creditors		(17,224)		(14,670)
		<u>(24,171)</u>		<u>(17,557)</u>
Interest paid		(145)		(608)
Tax paid		(4,052)		(3,930)
		<u>(2,818)</u>		<u>4,139</u>
Net cash from operating activities				
Acquisition of investment property and fixed assets	(46,661)		(38,121)	
Interest received	169		121	
	<u>169</u>		<u>121</u>	
Net cash from investing activities		(46,492)		(38,000)
Cash flows from financing activities				
Interest paid	(8,595)		(7,931)	
Proceeds from new bank loans	70,000		5,000	
	<u>70,000</u>		<u>5,000</u>	
Net cash from financing activities		61,405		(2,931)
Net increase/(decrease) in cash and cash equivalents		<u>12,095</u>		<u>(36,792)</u>
Cash and cash equivalents at beginning of year		10,120		46,912
Cash and cash equivalents at end of year		<u><u>22,215</u></u>		<u><u>10,120</u></u>

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Soho Estates Limited ("the company") is a private limited by shares company domiciled and incorporated in England and Wales. The registered office is 58 Wardour Street, London, W1D 4JQ.

1.1 Accounting convention

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

The financial statements have been prepared under the historical cost convention except investment property that is held at fair value.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Soho Estates Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.3 Going concern

Given the significant uncertainties resulting from the impact of Covid-19 on the economic environment in which the Group operates, the directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the consolidated financial statements for the year ended 31 March 2020.

The Group's going concern assessment covers a period of at least 12 months from the date of authorisation of these consolidated financial statements (the "going concern period"), and takes into account its liquidity, its available facilities and the covenants attached to those facilities, its committed expenditure, and likely ongoing levels of costs.

In preparing the assessment, the Board has considered a reasonably plausible downside scenario which shows the Group has sufficient liquidity throughout the going concern period, assuming continued access to its facilities, and the ability to operate the Group's secured debt structure within its financial covenants. The Directors consider that 'Interest Cover' is the key financial covenant, as COVID-19 is likely to continue to impact upon the Group's levels of operating profit in the short to medium term. The reasonably plausible downside scenario shows that the Group is expected to be able to meet its financial covenants throughout the going concern period.

On this basis, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period, and the Board has therefore continued to adopt the going concern basis in preparing the consolidated financial statements.

1.4 Turnover

Turnover represents the amount of property income receivable in the period. Rental income received in advance are treated as deferred income until the period to which it relates is completed. Lease incentives are recognised over the duration of the lease term.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the life of the leasehold
Fixtures and fittings	Straight line over 5-10 years
Computers	Straight line over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure.

Subsequent to initial recognition;

- i. investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise;
- ii. investment properties under construction are measured at cost until the fair value becomes reliably measurable, or until construction is complete; and
- iii. no depreciation is provided in respect of investment properties applying the fair value model.

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.7 Fixed asset investments

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 group 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 group after deducting all of its liabilities.

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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 that do not meet the conditions in FRS 102 paragraph 11.9 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 the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

The directors consider the only area of significant estimation uncertainty in the financial statements is the valuation of Investment Property. Investment properties totalling £313,690,000 (2019: £276,440,000) were independently valued, on a Market Value basis, in March 2020 by an external independent valuer who has appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was performed in accordance with the RICS Valuation Standards.

The remainder of the Investment Property portfolio is valued by the Directors, based on their knowledge of the portfolio and by using assumptions that are in line with those used by the external independent valuer as part of their valuation. All properties valued by the Directors have been subject to valuation by an external independent valuer within 2 years of the balance sheet date.

The key assumption used in the valuations is considered to be the market rental yields in the specific property location, which is determined primarily with reference to comparable transactions, as well as local and national economic factors. The valuation of farm land is determined with reference to market valuations per hectare.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets and the global economy. As a result, at the valuation date, the external independent valuer included a 'material valuation uncertainty' in their valuation opinion, in line with RICS Valuation Standards. Consequently, more subjectivity is associated with the valuation of investment property than would normally be the case.

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover and other revenue

Turnover represents the amount of property income receivable in the period, derived wholly in the United Kingdom.

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2020 £'000	2019 £'000
Less than one year	32,291	28,733
Between one and five years	100,608	90,342
More than five years	198,335	156,665
	<u>331,234</u>	<u>275,740</u>

4 Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of these financial statements	50	40
Audit of subsidiaries	24	20
	<u>74</u>	<u>60</u>

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	2020	2019
Number of employees	<u>26</u>	<u>22</u>

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	3,359	2,738
Social security costs	417	349
Pension costs	100	82
	<u>3,876</u>	<u>3,169</u>

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5 Employees

(Continued)

The group operates a defined contribution pension scheme.

The pension charge for the year represents contributions payable by the group. There are no outstanding or prepaid contributions at either beginning or end of the financial year.

6 Directors' remuneration

	2020 £'000	2019 £'000
Directors' remuneration	2,556	2,033
Social security costs	344	272
Company pension contributions to defined contribution schemes	57	54
	<u>2,957</u>	<u>2,359</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 5 (2019 - 5)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £'000	2019 £'000
Remuneration for qualifying services	779	766
Company pension contributions to defined contribution schemes	10	10
	<u>789</u>	<u>776</u>

7 Fair value movement on investment property

Fair value movement on investment property during the year was a reduction of £15,276,000 (2019: uplift of £14,151,000)

8 Interest receivable and similar income

	2020 £'000	2019 £'000
Bank Interest	27	59
Other interest	169	121
	<u>196</u>	<u>180</u>

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

9 Interest payable and similar expenses

	2020 £'000	2019 £'000
Loan interest at amortised cost	8,791	8,491
Other bank charges and fees	403	458
Total other interest payable and similar expenses	<u>9,194</u>	<u>8,949</u>

10 Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the current period	2,576	3,205
Adjustments in respect of prior periods	-	(510)
Total current tax	<u>2,576</u>	<u>2,695</u>
Deferred tax		
Origination and reversal of timing differences	<u>3,937</u>	<u>1,946</u>
Total tax charge	<u>6,513</u>	<u>4,641</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit and the standard rate of tax as follows:

	2020 £'000	2019 £'000
Profit before taxation	<u>1,195</u>	<u>31,314</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	227	5,950
Expenses not allowable for taxation	74	162
Non taxable income	(1)	-
Adjustments in respect of prior years	-	(510)
Group relief	(277)	-
Capital allowances in excess of depreciation	(192)	(182)
Revaluation of properties	2,743	-
Other non-reversing timing differences	-	11
Origination and reversal of timing differences	3,937	1,946
Other timing differences	2	(2,736)
Taxation charge	<u>6,513</u>	<u>4,641</u>

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Taxation

(Continued)

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March 2020 has been calculated at 19% (2019: 17%).

11 Tangible fixed assets

Group	Leasehold land and buildings £'000	Fixtures and fittings £'000	Computers £'000	Total £'000
Cost or valuation				
At 1 April 2019	1,397	40	50	1,487
Additions	-	10	1	11
At 31 March 2020	1,397	50	51	1,498
Depreciation and impairment				
At 1 April 2019	829	13	29	871
Depreciation charged in the year	61	8	12	81
At 31 March 2020	890	21	41	952
Carrying amount				
At 31 March 2020	507	29	10	546
At 31 March 2019	568	27	21	616
Company		Fixtures and fittings £'000	Computers £'000	Total £'000
Cost				
At 1 April 2019		36	50	86
Additions		10	1	11
At 31 March 2020		46	51	97
Depreciation and impairment				
At 1 April 2019		13	29	42
Depreciation charged in the year		7	12	19
At 31 March 2020		20	41	61
Carrying amount				
At 31 March 2020		26	10	36
At 31 March 2019		23	21	44

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets (Continued)

12 Investment property

	Group 2020 £'000	Company 2020 £'000
At 1 April 2019	995,766	824,619
Additions	46,650	6,700
Disposals	-	(2,645)
Revaluations	(15,276)	(13,745)
At 31 March 2020	<u>1,027,140</u>	<u>814,929</u>

As discussed in note 2 to the financial statements, the impacts of the Novel Coronavirus (COVID-19) Global Pandemic have led to the external independent valuer including a 'material valuation uncertainty' in their valuation opinion, in line with RICS Valuation Standards. Consequently, more subjectivity is associated with the valuation of investment property than would normally be the case.

Sensitivity Analysis

The directors consider that the key assumption used in determining the valuation of investment property is the rental yield. An increase of 0.5% in the rental yield for all properties within the portfolio would lead to a reduction in the fair value of investment property of £90m, and would increase gearing from 28% to 32%.

13 Fixed asset investments

		Group		Company	
	Notes	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Shares in group undertakings	14	<u>-</u>	<u>-</u>	<u>3,656</u>	<u>3,656</u>

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£'000

Cost or valuation

At 1 April 2019 and 31 March 2020 3,656

Carrying amount

At 31 March 2020 3,656

At 31 March 2019 3,656

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

14 Subsidiaries

All the shareholdings are of £1 ordinary shares except Gulf Investor 101 Limited where the shareholdings are AED 1,000 ordinary shares.

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Gulf Investor 101 Limited	Rolex Tower, Level 15, Property Sheikh Zayed Road, Dubai, UAE, PO Box 112967	Property	Ordinary	-	100.00
Gulf Investor Limited	58 Wardour Street, London, W1D 4JQ	Dormant	Ordinary	100.00	-
Soho Estates Development Limited	58 Wardour Street, London, W1D 4JQ	Dormant	Ordinary	100.00	-
Soho Estates Portfolio	58 Wardour Street, London, W1D 4JQ	Property	Ordinary	100.00	-
Victor Green Properties Limited	58 Wardour Street, London, W1D 4JQ	Property	Ordinary	100.00	-

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Debtors

	Group		Company	
	2020	2019	2020	2019
Amounts falling due within one year:	£'000	£'000	£'000	£'000
Trade debtors	6,464	3,460	6,366	3,385
Corporation tax recoverable	618	-	618	-
Amounts owed by group undertakings	7,347	2,834	169,838	127,930
Other debtors	7,568	6,125	6,485	6,045
Prepayments and accrued income	1,576	3,036	1,543	2,961
	<u>23,573</u>	<u>15,455</u>	<u>184,850</u>	<u>140,321</u>

Amounts owed by other group companies are repayable on demand.

16 Creditors: amounts falling due within one year

	Notes	Group		Company	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Trade creditors		6,397	2,404	305	2,122
Amounts owed to group undertakings and related parties		-	18,897	219	19,079
Corporation tax		-	223	-	240
Taxation and social security		1,510	1,199	1,510	1,504
Other creditors		6,017	6,625	5,957	6,432
Accruals and deferred income		9,118	10,796	8,258	10,117
		<u>23,042</u>	<u>40,144</u>	<u>16,249</u>	<u>39,494</u>

Amounts owed to parent undertakings are repayable on demand.

17 Creditors: amounts falling due after more than one year

	Notes	Group		Company	
		2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Bank loans	18	<u>293,834</u>	<u>223,834</u>	<u>293,834</u>	<u>223,834</u>

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

18 Interest-bearing loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Secured bank loans	293,834	223,834	293,834	223,834

	Rate	Maturity	Schedule	2020	2019
				£'000	£'000
HSBC Bank Plc loan	1.75%	31 October 2022	On maturity	196,334	126,334
Series A Senior secured notes	3.79%	26 April 2032	On maturity	15,000	15,000
Series B Senior secured notes	3.90%	26 April 2035	On maturity	20,000	20,000
Series C Senior secured notes	3.97%	26 April 2037	On maturity	62,500	62,500
				293,834	223,834

The loans and notes are secured over the balance sheet of the group.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities
	2020	2019
	£'000	£'000
Group		
Origination and reversal of timing differences	67,298	63,361
	<u>67,298</u>	<u>63,361</u>
Company		
Origination and reversal of timing differences	61,311	57,785
	<u>61,311</u>	<u>57,785</u>
Movements in the year:	Group	Company
	2020	2020
	£'000	£'000
Liability at 1 April 2019	63,361	57,785
Charge to profit or loss	3,937	3,526
	<u>67,298</u>	<u>61,311</u>
Liability at 31 March 2020	<u>67,298</u>	<u>61,311</u>

We anticipate an immaterial amount of deferred tax to unwind in the next twelve months and the majority to remain until which point the asset to which it attaches is sold.

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

20 Share capital

	Group and company	
	2020	2019
	£'000	£'000
Issued and fully paid		
100,000 ordinary shares of £1 each	100	100

Share premium account

The balance classified as share premium relates to the aggregate net proceeds less nominal value of share issue of the Company's equity share capital.

Revaluation Reserve

Where investment properties have previously been revalued, the net revaluation increase is included in the revaluation reserve.

Dividends

No dividends were proposed in the year.

21 Retirement benefit schemes

	2020	2019
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	100	82

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Capital commitments

Contractual commitments at the year-end were £59,098,000 (2019: £86,119,508), Company £2,500,000 (2019: £4,686,000).

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel (the directors) in the year amounted to:

	2020	2019
	£'000	£'000
Aggregate compensation	2,957	2,359

SOHO ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

23 Related party transactions

(Continued)

Identity of related parties with which the Group has transacted

As the Company was a wholly owned subsidiary of Soho Estates Holdings Limited at 31 March 2020, the Company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by Soho Estates Holdings Limited.

As at the balance sheet date the group owes a balance of £nil (2019: £18,899,000) to Ilona Rose Investment Limited, a trust which has an interest in the company and group.

Identity of related parties with which the Company has transacted

The Company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by the Company.

As at the balance sheet date the company owes a balance of £nil (2019: £18,899,000) to Ilona Rose Investment Limited, a trust which has an interest in the company and group.

24 Controlling party

The Company is a subsidiary undertaking of Soho Estates Holdings Limited, 58 Wardour Street, London, UK, W1D 4JQ who are the ultimate parent company. The ultimate controlling party is the Paul Raymond family trusts, 58 Wardour Street, London, UK, W1D 4JQ.

The largest Company in which the results of the Company are consolidated is that headed by Soho Estates Holdings Limited, 58 Wardour Street, London, UK, W1D 4JQ, incorporated in the UK. The smallest Company in which they are consolidated is that headed by Soho Estates Limited, incorporated in the UK. The consolidated financial statements of these Companies are available to the public and may be obtained from the address shown in note 1.