



Report and financial statements

Year ended 31 March 2020

Company registration number: 09089937

Company Information

Directors	S Smyth (resigned on 29 May 2019) E Hawkins N O'Connor (appointed on 03 September 2019)
Company Number	09089937
Registered office	County Hall Penrhyn Road Kingston upon Thames KT1 2DN
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Bankers:	HSBC 60 Queen Victoria Street London EC4N 4TR

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Strategic report

for the year ended 31 March 2020

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

Group highlights

- Property portfolio of £268m (31 March 2019: £302.0m)
- Property acquisitions totalling £nil in 2019/20 (2018/19: £75.1m)
- Gross profit of £16.5m for 2019/20 (2018/19: £14.9m)
- Profit before tax and fair value adjustments of £2.0m for 2019/20 (2018/19: £2.4m)
- Dividend proposed of £nil for the year to 31 March 2020 (2018/19: £1.6m)



Business Model

Our strategy has been to build a diversified property portfolio, let to reliable tenants in good locations, to deliver income returns over the long term to our shareholder (Surrey County Council) for the benefit of Surrey residents.

Debt finance is secured solely from Surrey County Council and during the financial year 2019/20 Halsey Garton paid £14.3m in interest payments to the council (2018/19: £12.2m).

Financial summary

Over the last five years Halsey Garton Property Investments Ltd has worked at pace to build a property portfolio now valued at £268m. The company made a gross profit of £16.5m, up 11% from last year. The increase in gross profit was achieved as a result of the full year impact of rental incomes from acquisitions made during 2018/19. Based on the performance of the company in 2019/20 and the potential impact of Covid-19 the directors have recommended not to approve a dividend for 2019/20 at this stage. Assuming no further acquisitions, £16.0m rental income will be due to the company in the financial year 2020/21.

The net change in values of our investment properties is a key component of the company's profit before tax. Due to the net deficit of £34.1m on revaluation of investment properties this year, the company made a loss before tax of £32.1m. Further information on the annual property valuation is provided below.

The total capital of the company consists of shareholders' equity and net debt. Over the year our debt remained constant as there were no further investments made in 2019/20. Our loan to value (LTV) ratio increased from 77% to 87%, principally as a result of decreases in the underlying values of our properties.

Principal business risks

Property investment is subject to inherent market risks which can be mitigated to some degree by the creation of a balanced portfolio of investments. However, the risk of tenant failure is increasing and will continue to do so if the general economic conditions in the UK over the longer term are negatively impacted by Brexit, Covid-19 or other factors. Investments are evaluated carefully with due regard to risk and exposure to potential tenant voids and are managed to avoid, wherever possible, over-reliance upon single tenants or types of tenants in terms of their impact as a percentage of the total portfolio.

Tenant voids are currently 3.0% (3.2% 2018/19) measured in terms of an estimate of market rent receivable as a percentage of the total open market rental value of the portfolio.

Financial risk management

Management reviews the group's exposure to price risk, credit risk, liquidity risk and cash flow risk. Our overall financial risk management strategy seeks to minimise the potential adverse effects of these on our financial performance. Available funds are closely monitored throughout the year. Each new investment is financed by a combination of equity and debt provided by the council, on a fixed rate of interest. There is also a short term loan facility available, although to date that has not been required. Any cash investments are made via Surrey County Council in accordance with its Treasury management strategy, which prescribes investment limits according to the credit rating of the counterparty.

The overall credit risk of trade receivables is considered to be low – a credit report is obtained from an independent rating agency for each tenant prior to acquisition or upon agreement of a new lease. Tenants currently in known financial difficulties represent 4% of the 2019/20 rent roll.

Property review

As at 31 March 2020:

- 17 properties, comprising 1,843,000 square feet of space
- 56 (48 prior year) commercial tenants providing a contractual annual rent roll of £17.2m (£15.3m prior year)
- Weighted average unexpired lease term (WAULT) of 10.9 years to lease breaks/expiry
- Future income stream from tenants under lease agreements of £194.7m.

Property valuation

The fair value of the company's investment property is measured annually at each reporting date with the changes in value reported in the company profit and loss account as an unrealised gain or loss. The revaluation exercise completed as at 31 March 2020 has resulted in an overall decrease in underlying values of £34.1m compared to the value of the assets last year. These reductions are driven by general market sentiment for retail and uncertainty regarding the future of Debenhams at the time of valuation.

An unrealised loss is an accounting adjustment that does not impact upon the company's ability to provide a dividend since it is something that has not happened nor will happen unless the company decides to sell the asset. The company is free to determine when to sell an asset and therefore it is unlikely that there will be a realised loss since assets will generally only be sold when it is beneficial to do so. Similarly an unrealised gain cannot be used to

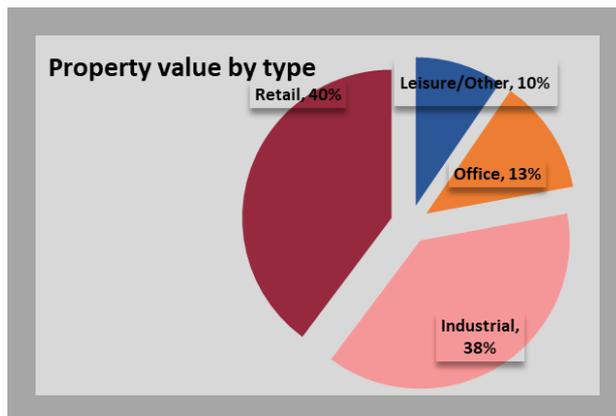
provide a bigger dividend than that permissible from the underlying profits generated by the company.

As we are required to ensure that the balance sheet value is as per the valuation, this also requires the write-down of any transaction costs associated with purchases. Transaction costs include stamp duty of 5% and other fees and hence it is unlikely that increases in value will offset the costs of purchase in the early years. Purchase transaction costs incurred during the year are £nil (2018/19 £4.4m).

All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, known as a 'red book' valuation.

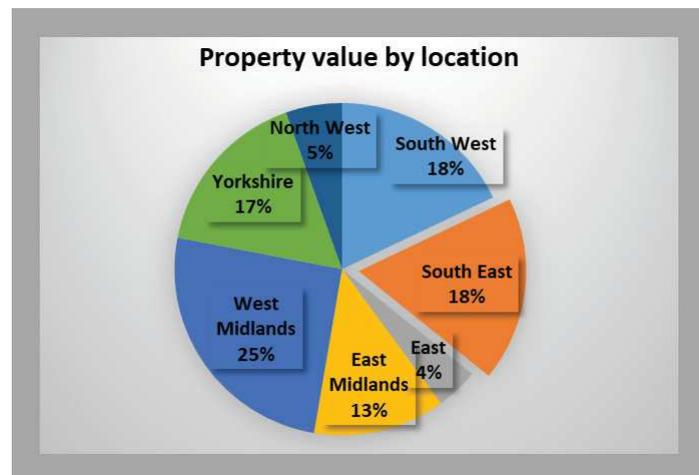
Portfolio overview

The Halsey Garton property portfolio sits within the investment portfolio of SCC as a whole, which seeks to build a diversified portfolio of assets in order to manage risks and secure long term income returns for the council. This year there have been no acquisitions or disposals from the portfolio. As at 31 March 2020 our portfolio consisted of 17 properties across multiple sectors and locations throughout England, as detailed below.



The Halsey Garton group portfolio is weighted towards the retail sector however on a SCC group basis there is a balanced portfolio across sectors.

Properties are geographically spread across England.



Portfolio detail

Property	Type	Description	Acquisition Date	Asset Value £000
Hampton Park West, Melksham	Industrial	Manufacturing and warehouse facility	Nov-15	13,850
Hawkey Drive, Bristol	Industrial	Manufacturing and warehouse facility	Apr-16	14,400
Washford Mills, Redditch	Retail	Retail warehouse units	May-16	5,850
Manton Wood, Worksop	Industrial	Distribution warehouse	May-16	8,450
Aztec West, Bristol	Office	Single tenanted office	Jun-16	19,700
Wiggs House, Salford	Industrial	Distribution warehouse	Jul-16	8,900
Willowbrook, Loughborough	Retail	Retail units (out of town location)	Nov-16	13,450
Birmingham Road (Travelodge), Stratford Upon Avon	Leisure / Retail	Hotel and retail units	Nov-16	9,100
Friar Street (Vue Cinema), Worcester	Leisure / Retail	Cinema and retail / restaurant units	Nov-16	8,000
Oakgrove Retail Park, Milton Keynes	Retail	Retail units (out of town location)	Dec-16	26,250
Stratham Street, Macclesfield	Retail	Retail warehouse unit	Dec-16	5,650
High Street, Winchester	Retail	High Street department store	Mar-17	7,850
Malvern Shopping Park	Retail	Retail units (out of town location)	Sep-17	45,000
Blenheim Park, Nottingham	Industrial	Distribution warehouse	Mar-18	12,200
Comet Square (Travelodge), Hatfield	Leisure	Hotel	Oct-18	11,000
West of Park Spring Road (Symphony), Barnsley	Industrial	Manufacturing	Dec-18	44,300
Kitemark Court, Milton Keynes	Office	Single tenanted office	Dec-18	14,000
Total Asset Value				267,950

Key performance indicators (KPIs)

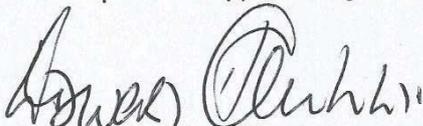
Objective	KPI	Performance 2019/20	Performance 2018/19
Maximise income returns from our property portfolio	Underlying revenue profit (before tax and fair value adjustments)	Profit of £2.0m achieved, underperforming target by £0.1m	Profit of £2.5m achieved, underperforming target by £0.1m
	Tenant voids percentage (based on open market rental value)	Tenant voids at 3.0% as at 31 March 2020, outperforming target by 3.8%	Tenant voids at 3.2% as at 31 March 2019, outperforming target by 3.6%
Secure long term income stream	WAULT to lease breaks/expiries	10.9 years, outperforming target by 2.3 years	10.7 years, outperforming target by 2.1 years

Business conduct

The Halsey Garton group operates in accordance with its shareholder's values and policies, including its responsible investment policy. This policy ensures that the decision making process for all new investments involves consideration of a range of environmental, social and governance factors. The group seeks to establish strong business relationships with its advisors and suppliers and to pay them within agreed payment terms.

Halsey Garton reviews its health and safety obligations in relation to its property portfolio on a regular basis. As part of an agreed approach with our managing agents, we have undertaken a detailed health and safety risk assessment of all our properties with a view to identifying any remedial actions required.

This report was approved by the Board on *18 Aug 2020* and signed on its behalf by:


Edward Hawkins, Director

Halsey Garton Property Ltd
Registered and domiciled in England and Wales
Registration number: 09089937
Registered office: County Hall, Penrhyn Road, Kingston Upon Thames, Surrey, KT1 2DN

Directors' report

for the year ended 31 March 2020

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

Principal activities

The principal activities of the group in the period under review were investment and property rental.

Directors

The directors shown below have held office during the whole of the year from 1 April 2019 to 31 March 2020:

S Smyth (resigned on 29 May 2019)
E Hawkins
N O'Connor (appointed on 3 September 2019)

Directors' remuneration during the year is £nil. (2019: £nil)

COVID-19

The COVID-19 outbreak has developed rapidly in 2020 and has resulted in unprecedented actions being taken by Governments across the globe, which have had a significant adverse impact on large swathes of the economy.

At this stage, Halsey Garton Property Investments Limited is in communication with tenants to best understand the knock-on impact of COVID-19 on the business. At this time the business will be able to absorb impact on cash flow and continue for the foreseeable future. The directors continue to monitor the situation closely.

We will continue to follow the Government's and relevant sector specific bodies policies and advice to ensure we always protect the safety and health of our employees and customers.

We also refer to note 3 on the company as a going concern.

Directors' indemnities

The council has agreed to indemnify each Director against any liability incurred in relation to acts or omissions arising in the course of their ordinary duties, assuming that they acted reasonably and in good faith.

Business structure

Halsey Garton group comprises Halsey Garton Property Ltd and three property subsidiary companies as set out in the diagram below. Halsey Garton Residential Ltd and Halsey Garton Property Developments Ltd are not yet trading.



Additional disclosures

The following directors' report disclosures have been made elsewhere in this report and financial statements:

- Recommended dividend (Strategic report page 1)
- Financial risk management policies and objectives (Strategic report page 2)
- Information on exposure to price risk, credit risk, liquidity risk and cashflow risk (Strategic report page 2)
- Future developments in the business of the company (Strategic report pages 1-5)
- Post balance sheet events (financial statements page 24 and page 35).

Consolidated financial statements

The consolidated financial statements and supporting notes on pages 13 to 23 include the results for all Halsey Garton group companies as listed above.

Company financial statements

The company financial statements and supporting notes on pages 24 to 35 include the results for Halsey Garton Property Ltd only.

Going concern

After reviewing the company's forecast and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. As at 31st March 2020 there were overall net current assets of £0.5m recorded in the accounts, mainly due to an increase in accrued income for the period 23rd March to 1st April compared to 18/19 from the immediate impact of COVID-19 on tenants.

The impact of COVID-19 has been felt by tenants within the properties held by Halsey Garton Property Investments Limited. At the time of producing these financial statements, the directors have a reasonable understanding of the immediate impact to the company of the pandemic, and that the company has adequate resources to continue in operational existence for the foreseeable future.

The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 group and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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.

Provision of information to auditor

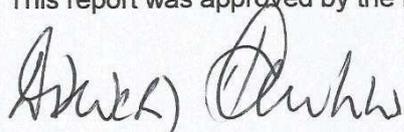
The directors confirm that:

- so far as that each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, UHY Hacker Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 17th Aug 2020 and signed on its behalf by:



Edward Hawkins, Director
 Halsey Garton Property Ltd
 Registered and domiciled in England and Wales
 Registration number: 09089937
 Registered office: County Hall, Penrhyn Road, Kingston Upon Thames, Surrey, KT1 2DN

**INDEPENDENT AUDITORS' REPORT
 TO THE MEMBERS OF HALSEY GARTON PROPERTY LIMITED**

Opinion

We have audited the financial statements of Halsey Garton Property Limited (“the parent company”) and its subsidiaries (the ‘group’) for the year ended 31 March 2020 which comprise the consolidated profit and loss statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company profit and loss statement, the company balance sheet, the company statement of changes in equity, the company statement of cash flows and the 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 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 group’s and the parent company’s affairs as at 31 March 2020 and of the group’s loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 as applied to listed entities, 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.

Emphasis of matter – Investment property valuation

The COVID-19 virus has had significant impact over the value of investment properties and there is an increased estimation uncertainty over the property valuations. We concluded that the assumptions applied by management, which are supported by third party valuations, in arriving that the fair value of the Group’s property portfolio were appropriate, and that the resulting valuations were within a reasonable range.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF HALSEY GARTON PROPERTY LIMITED**

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 Director's 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Strategic report and Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Director's report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF HALSEY GARTON PROPERTY LIMITED**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 and Director's 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 by the 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.

Responsibilities of Directors

As explained more fully in the statement of Director's statement of responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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 group's and the 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 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.

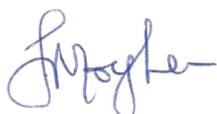
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF HALSEY GARTON PROPERTY LIMITED

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jessica Moorghen (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young LLP

Chartered Accountants
Statutory Auditor

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London
E1W 1YW

Date: 21st August 2020

Consolidated profit and loss account

for year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	7	17,690,149	16,239,754
Cost of sales		(1,166,249)	(1,315,190)
Gross profit		16,523,900	14,924,564
Administrative expenses		(280,442)	(344,319)
Net deficit on revaluation of investment properties	14	(34,050,000)	(17,722,762)
Operating (loss)/profit		(17,806,542)	(3,142,517)
Interest receivable and similar income	10	8,999	26,581
Interest payable and similar charges	11	(14,277,378)	(12,202,685)
(Loss)/profit on ordinary activities before taxation		(32,074,921)	(15,318,621)
Tax on profit on ordinary activities	12	(1,048,036)	(763,829)
(Loss)/profit for the financial year		(33,122,957)	(16,082,450)

There is no other comprehensive income for the year (2019: £nil).

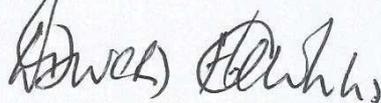
The accompanying notes form part of these financial statements.

Halsey Garton Property Ltd

Consolidated balance sheet
as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Investment property	14	267,950,000	302,000,000
Total fixed assets		267,950,000	302,000,000
Current assets			
Debtors due after one year	15	1,532,761	1,528,792
Debtors due within one year	15	634,276	418,474
Cash at bank and in hand		3,079,775	3,151,925
Total current assets		5,246,812	5,099,191
Creditors: amounts falling due within one year	16	(4,708,244)	(5,490,255)
Net current assets/(liabilities)		538,568	(391,064)
Total assets less current liabilities		268,488,568	301,608,936
Creditors: amounts falling due after one year	17	(233,998,021)	(233,995,432)
Net assets		34,490,547	67,613,504
Capital and Reserves			
Share capital	19	92,686,000	92,686,000
Fair value reserve	20	(60,925,010)	(26,875,010)
Profit and loss account		2,729,557	1,802,514
Total equity attributable to owners of the parent company		34,490,547	67,613,504

Approved by the Board on 18 Aug 2020 and signed on its behalf by:



Edward Hawkins, Director

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2020

	Share capital	Profit and loss account	Fair value reserve	Total
Note	£	£	£	£
Balance at 31 March 2018	69,426,000	1,762,202	(9,152,248)	62,035,954
Profit for the year and total comprehensive income	-	(16,082,450)	-	(16,082,450)
Transfer to fair value reserve	-	17,722,762	(17,722,762)	-
Issue of shares	23,260,000	-	-	23,260,000
Dividends paid	-	(1,600,000)	-	(1,600,000)
Balance at 31 March 2019	92,686,000	1,802,514	(26,875,010)	67,613,504
Loss for the year and total comprehensive income	-	(33,122,957)	-	(33,122,957)
Transfer to fair value reserve	20	-	34,050,000	(34,050,000)
Issue of shares		-	-	-
Dividends paid	13	-	-	-
Balance at 31 March 2020	92,686,000	2,729,557	(60,925,010)	34,490,547

The accompanying notes form part of these financial statements.

Consolidated statement of cashflows

for the year ended 31 March 2020

	Note	2020 £	2019 £
Net cash inflow from operating activities	9	15,391,333	15,894,624
Taxation paid		(1,195,104)	(542,284)
Net cash generated from operating activities		14,196,229	15,352,340
Investing activities:			
Interest received		8,999	26,581
Investment property acquisitions		-	(79,964,838)
Net cash inflow/(outflow) from investing activities		8,999	(79,938,257)
Financing activities:			
Interest paid		(14,277,378)	(12,202,685)
Dividends paid		-	(1,600,000)
Issue of ordinary share capital		-	23,260,000
New long term loans		-	55,040,000
Net cash (outflow)/inflow from financing activities		(14,277,378)	64,497,315
Net (Decrease) in cash and cash equivalents		(72,150)	(88,602)
Cash and cash equivalents at beginning of the year		3,151,925	3,240,527
Cash and cash equivalents at the end of the year		3,079,775	3,151,925

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 March 2020

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1. Company information

Halsey Garton group comprises Halsey Garton Property Ltd and three property subsidiary companies as set out on page eight of this report. All four companies are private companies, limited by shares, and domiciled in England and Wales. The registered offices are County Hall, Penrhyn Road, Kingston Upon Thames, Surrey, KT1 2DN.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard (FRS) 102 and with the Companies Act 2006. There were no material departures from this standard.

The dormant subsidiaries Halsey Garton Residential Ltd and Halsey Garton Property Developments Ltd are exempt from the requirement to prepare and file accounts under sections 394(A) and 448(A) of the Companies Act 2006.

The financial statements have been prepared on a historical cost basis except for the modification to a fair value basis for investment properties as specified below.

The Financial statements are presented in sterling (£).

3. Going concern

After reviewing the company's forecast and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. As at 31st March 2020 there were overall net current assets of £0.5m recorded in the accounts. This relates mainly to accrued income for the period 25th March to 1st April 2020.

At the time of approving the financial statements, the directors have assessed the initial impact of COVID-19 on the business. While tenants within the investment portfolio have been impacted, the company has adequate resources to continue operational existence for the foreseeable future.

The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

4. Accounting policies

4.1 Basis of consolidation

The consolidated financial statements present the results of Halsey Garton Property Ltd and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

4.2 Turnover

The turnover shown in the profit and loss account represents rents and income from other property services earned during the period, exclusive of VAT.

4.3 Recognition of income and expenditure

Revenue (income) from rents and other property related services, is recognised when the property or service is provided, rather than when payments are received.

Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

4.4 Investment properties

Investment property is initially measured at cost, including transaction costs. Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss and transferred to the fair value reserve.

4.5 Loans between group companies

Loans from Surrey County Council are measured at amortised cost.

4.6 Leased assets – lessor

Rent received under operating leases is credited to profit and loss on a straight line basis over the term of the lease. Incentives for the agreement of a new or renewed operating lease are recognised as a reduction in the rental income over the lease term, irrespective of the incentive's nature or form, or the timing of any payments.

4.7 Current Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those enacted by the balance sheet date.

4.8 Deferred Taxation

The tax expense recorded in the profit and loss account represents the sum of tax currently payable and deferred tax. Deferred tax is the tax expected to be payable or recoverable based on timing differences between the company's net profits recorded in the financial statements and taxable profits for tax computation purposes.

5. Judgements in applying accounting policies and key sources of uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determined if leases entered into by the company are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee.
- Investment properties are professionally valued annually 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 ultimately only be reliably tested in the market itself.
- That there are unlikely to be sufficient capital gains in the foreseeable future to enable the utilisation of a potential deferred tax asset on property revaluations. This judgement has been made in light of prevailing property market conditions, the continued expansion of the property portfolio and our experience that significant capital transaction costs on purchase are not offset by increases in underlying property values in the early years after purchase.

6. Average number of persons employed

During the current and prior year the group did not employ any persons directly. (2019: None)

7. Turnover

Turnover, analysed by category was as follows:

	2020	2019
	£	£
Rents received from investment properties	17,189,329	15,343,949
Landlord services – service charges	336,556	360,843
Landlord services – property insurance	164,265	113,118
Dilapidation and other income	-	421,844
Total	<u>17,690,149</u>	<u>16,239,754</u>

8. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2020	2019
	£	£
Audit fees	15,000	14,080
Tax compliance services	10,925	8,915

Tax compliance fees are not paid to the Company's auditor.

9. Net cash inflow from operating activities

Reconciliation of operating loss to cash utilised in operations.

	2020 £	2019 £
Loss on ordinary activities before taxation	<u>(32,074,921)</u>	(15,318,621)
Interest payable	14,277,378	12,202,685
Interest receivable	(8,999)	(26,581)
Unrealised loss on revaluation of investments	34,050,000	17,722,762
Net (increase)/decrease in working capital	(848,156)	1,533,275
Net (increase) in lease incentives	(3,969)	(218,896)
Net cash inflow from operating activities	<u>15,391,333</u>	<u>15,894,624</u>

10. Interest receivable and similar income

During the year £8,999 (2018/19 £10,126) interest was receivable on cash balances held in the bank account.

	2020 £	2019 £
Interest on advanced payments	-	16,455
Bank interest	8,999	10,126
Total	<u>8,999</u>	<u>26,581</u>

11. Interest payable and similar charges

Interest is payable on intragroup loans between Surrey County Council and Halsey Garton Property Ltd.

	2020 £	2019 £
Interest on loan	14,277,378	12,193,594
Bank charges	-	9,091
Total	<u>14,277,378</u>	<u>12,202,685</u>

12. Taxation

The tax charge on the (loss)/profit on ordinary activities for this period was as follows:

	2020	2019
	£	£
UK Corporation tax	959,413	763,829
Deferred tax	88,623	-
Tax on (loss)/profit on ordinary activities	<u>1,048,036</u>	<u>763,829</u>
Factors affecting the tax charge/(credit):	2020	2019
	£	£
(Loss)/profit on ordinary activities before taxation	(32,074,921)	(15,318,621)
Rate of tax for period	19%	19%
(Loss)/profit on ordinary activities before taxation multiplied by the rate of tax for period	(6,094,234)	(2,910,538)
Expenses not deductible for tax purposes	8,031,730	4,303,538
Income not taxable for tax purposes	(780,686)	(461,321)
Chargeable losses	(6,284,478)	(3,637,643)
Adjustments in respect of prior periods (current tax)	(130)	127,721
Adjustments in respect of prior periods (deferred tax)	-	-
Adjust closing deferred tax to average rate	-	531,740
Adjust opening deferred tax to average rate	(531,740)	(179,944)
Deferred tax not recognised	6,707,574	2,990,276
Tax on (loss)/profit on ordinary activities	<u>1,048,036</u>	<u>763,829</u>

Expenses not deductible for tax purposes comprise the net deficit from changes in the fair value of investments plus revenue expenses relating to the acquisition of properties.

Factors that may affect future tax charges: Halsey Garton Property Ltd has tax adjusted non-trade losses of £41,622 (2018: £41,622) available for carry forward against future non-trading profits.

13. Dividends

	2020	2019
	£	£
Paid during the year	-	1,600,000
To be declared post year end	-	1,600,000

14. Fixed assets – investment properties

The group's investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer, Montagu Evans LLP. The valuations are undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 5.

The net deficit on revaluation of investment property arising of £34,050,000 as at 31 March 2020 has been debited to the profit and loss for the year and transferred to the fair value reserve. Had the properties not been revalued they would have been held at the historical cost of £328,875,010 (2018/2019: £328,875,010).

	2020 £	2019 £
Fair value at 1 April 2019	302,000,000	244,625,000
Additions	-	75,097,762
Disposals	-	-
Fair value adjustments	<u>(34,050,000)</u>	<u>(17,722,762)</u>
Fair value at 31 March 2020	<u>267,950,000</u>	<u>302,000,000</u>

15. Debtors

	2020 £	2019 £
<i>Debtors due after more than one year</i>		
Accrued income – unamortised lease incentive	<u>1,532,761</u>	<u>1,528,792</u>
Sub-Total	<u>1,532,761</u>	<u>1,528,792</u>
<i>Debtors due within one year</i>		
Trade debtors	625,521	409,867
Deferred tax asset	7,225	7,077
VAT	<u>1,530</u>	<u>1,530</u>
Sub-Total	<u>634,276</u>	<u>418,474</u>
Total	<u>2,167,037</u>	<u>1,947,266</u>

All amounts shown fall due for payment within one year except for the unamortised lease incentive which is due in accordance with the terms of the lease.

16. Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts owed to parent entity	90,337	77,791
Corporation tax	552,067	525,873
Deferred tax liability	274,351	184,896
Deferred Income	2,800,732	3,458,731
Trade Creditors	-	36,400
VAT	686,414	816,239
Other creditors	<u>304,343</u>	<u>390,325</u>
Total	<u>4,708,244</u>	<u>5,490,255</u>

Halsey Garton Property Ltd

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17. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Amounts owed to parent entity	233,995,432	233,995,432
Total	<u>233,995,432</u>	<u>233,995,432</u>

Intragroup loans totalling £233,995,432 have been provided by Surrey County Council to Halsey Garton Property Ltd. These are maturity loans at interest rates ranging from 5.5% to 6.6% and all are due to be repaid in full, ten years from the original loan draw down. The carrying amount as at 31 March 2020 is included at amortised cost.

18. Deferred tax provision

	2020	2019
	£	£
Opening balance at 1 April 2019	177,820	177,820
Accelerated capital allowances	-	-
Deferred tax asset for unrelieved tax losses	88,623	-
Adjustments in respect of prior periods	-	-
Deferred tax asset for loss on revaluation	-	-
Closing balance at 31 March 2020	<u>266,443</u>	<u>177,820</u>

There is a potential deferred tax asset on property revaluations of £11,953,893 which has not been recognised in the accounts due to uncertainty about the availability of sufficient capital profits in the foreseeable future to utilise the losses against. The group incurred significant transaction costs at acquisition of the properties and its strategy is to hold properties for long term income returns and not capital gains. It is unlikely that any property will be sold until such time as it is beneficial to do so.

19. Called up share capital

Authorised, allotted and fully paid:

	2020	2019
	£	£
1 founders' shares of £1,000 each	1,000	1,000
92,685 ordinary shares of £1,000 each	92,685,000	92,685,000
Total	<u>92,686,000</u>	<u>92,686,000</u>

20. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investment property assets until they are sold or an asset is impaired. A potential deferred tax asset on revaluations of £11,953,893 has not been recognised in 2020 – see also note 18 above. The reserve is used to distinguish unrealised profits/(losses) from realised profits/(losses) which are held in the profit and loss account.

	Fair value reserve	
	2020	2019
	£	£
Reserve at 1 April 2019	(26,875,010)	(9,152,248)
Fair value adjustments (Note 14)	(34,050,000)	(17,722,762)
Deferred tax asset for loss on revaluation	-	-
Reserve at 31 March 2020	<u>(60,925,010)</u>	<u>(26,875,010)</u>

21. Leases

The minimum lease payments due to Halsey Garton group in future years are:

	2020	2019
	£	£
Not later than one year	16,026,630	16,841,563
Later than one year but not later than five years	65,275,646	66,734,654
Later than five years	113,419,643	135,205,740
Total	<u>194,721,919</u>	<u>218,781,957</u>

All leases entered into by the group are considered to be operating leases.

22. Related party disclosures

Halsey Garton group is 100% owned by Surrey County Council (SCC), the ultimate controlling party. SCC draws up consolidated financial statements for the group and its principal place of business is County Hall, Penrhyn Road, Kingston Upon Thames, Surrey, KT1 2DN. The only related party transactions were intra-group transactions between Halsey Garton and SCC and these have not been disclosed in line with section 33.1A of FRS 102.

23. Post balance sheet events

The global economy was affected by the Covid-19 pandemic and the related market volatility has brought certain operational and financial impacts to our entity performance due to the partial or complete lockdown. However this has not lead to any significant post balance sheet events in these financial statements. The potential near-term impact of the developments on the group is discussed in the Strategic Report and note 3.

Company profit and loss account

for year ended 31 March 2020

	Note	2020 £	2019 £
Turnover		-	-
Cost of sales		-	-
Gross profit		<u>-</u>	<u>-</u>
Administrative expenses		(38,744)	(50,103)
Other operating income		-	-
Net deficit on revaluation of investments	13	(34,050,000)	(17,722,762)
Operating loss		<u>(34,088,744)</u>	<u>(17,722,865)</u>
Investment income	12	-	1,650,000
Interest receivable and similar income	9	14,267,872	12,183,990
Interest payable and similar charges	10	(14,277,378)	(12,193,662)
Loss on ordinary activities before taxation		<u>(34,098,250)</u>	<u>(16,132,537)</u>
Tax on loss on ordinary activities	11	832	-
Loss for the financial year		<u>(34,097,418)</u>	<u>(16,132,537)</u>

Halsey Garton Property Ltd

Company balance sheet
as at 31 March 2020

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Company number: 09089937

	Note	2020 £	2019 £
Fixed assets			
Investments	13	31,760,992	65,810,992
Total fixed assets		31,760,992	65,810,992
Current assets			
Debtors due after more than one year	14	233,837,000	233,837,000
Debtors due within one year	14	8,755	8,606
Cash at bank and in hand		63,262	109,937
Total current assets		233,909,017	233,955,543
Creditors: amounts falling due within one year	15	(13,862)	(15,559)
Net current assets		233,895,155	233,939,984
Total assets less current liabilities		265,656,147	299,750,976
Creditors: amounts falling due after one year	16	(233,998,021)	(233,995,432)
Net assets		31,658,126	65,755,544
Capital and Reserves			
Share capital	18	92,686,000	92,686,000
Fair value reserve	19	(60,925,010)	(26,875,010)
Profit and loss account		(102,864)	(55,446)
Total equity attributable to owners of the parent company		31,658,126	65,755,544

Approved by the Board on 17 August 2020 and signed on its behalf by:



Edward Hawkins, Director

Company statement of changes in equity

for the year ended 31 March 2020

	Share capital	Profit and loss account	Fair value reserve	Total equity	
Note	£	£	£	£	
Balance at 31 March 2018	69,426,000	(45,671)	(9,152,248)	60,228,081	
(Loss) for the year and total comprehensive income	-	(16,132,537)	-	(16,132,537)	
Transfer to fair value reserve	19	-	17,722,762	(17,722,762)	-
Issue of shares	23,260,000	-	-	23,260,000	
Dividends paid	-	(1,600,000)	-	(1,600,000)	
Balance at 31 March 2019	92,686,000	(55,446)	(26,875,010)	65,755,544	
(Loss) for the year and total comprehensive income	-	(34,097,418)	-	(34,097,418)	
Transfer to fair value reserve	19	-	34,050,000	(34,050,000)	-
Issue of shares	-	-	-	-	
Dividends paid	12	-	-	-	
Balance at 31 March 2020	92,686,000	(102,864)	(60,925,010)	31,658,126	

Company statement of cashflows

for the year ended 31 March 2020

	Note	2020 £	2019 £
Net cash (outflow) from operating activities	8	(36,486)	(44,013)
Taxation paid		(683)	-
Net cash generated from operating activities		(37,169)	(44,013)
Investing activities:			
Interest received		14,267,872	12,183,990
Dividends received		-	1,650,000
Purchase of investments		-	(23,260,000)
Issue of new long term loans		-	(55,040,000)
Net cash inflow/(outflow) from investing activities		14,267,872	(64,466,010)
Financing activities:			
Interest paid		(14,277,378)	(12,193,662)
Dividends paid		-	(1,600,000)
Issue of ordinary share capital		-	23,260,000
New long term loans		-	55,040,000
Net cash (outflow)inflow from financing activities		(14,277,378)	64,506,338
Net (decrease)/increase in cash and cash equivalents		(46,675)	(3,685)
Cash and cash equivalents at beginning of the year		109,937	113,622
Cash and cash equivalents at the end of the year		63,262	109,937

Notes to the company financial statements

for the year ended 31 March 2020

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1. Company information

Halsey Garton Property Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 09089937. The registered office is County Hall, Penrhyn Road, Kingston Upon Thames, Surrey, KT1 2DN.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard (FRS) 102 and with the Companies Act 2006. There were no material departures from this standard.

The financial statements have been prepared on a historical cost basis except for the modification to a fair value basis for investments as specified below. The Financial statements are presented in sterling (£).

3. Going concern

After reviewing the company's forecast and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

At the time of approving the financial statements, the directors have assessed the initial impact of Covid-19 on the business. While tenants within the investment portfolio have been impacted, the company has adequate resources to continue operational existence for the foreseeable future.

The company therefore continues to adopt the going concern basis in preparing its financial statements.

4. Accounting policies

4.1 Recognition of income and expenditure

Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

4.2 Investments in subsidiaries

Investments in shares of subsidiaries are initially measured at cost, including applicable transaction costs. Investments are carried at fair value where they can be measured reliably, otherwise they are included at cost less impairment. Changes in fair value are recognised in profit or loss and transferred to the fair value reserve.

4.3 Loans between group companies

Loans between group companies are measured at amortised cost.

4.4 Current Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those enacted by the balance sheet date.

4.5 Deferred Taxation

The tax expense recorded in the profit and loss account represents the sum of tax currently payable and deferred tax. Deferred tax is the tax expected to be payable or recoverable based on timing differences between the company’s net profits recorded in the financial statements and taxable profits for tax computation purposes.

5. Judgements in applying accounting policies and key sources of uncertainty

In preparing these financial statements, the directors have made the following judgements:

- In determining the value of investments, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.
- Investments in subsidiaries (Halsey Garton Property Investments Ltd) are carried at fair value and this has been determined with reference to the underlying investment property asset held by the subsidiary. Investment property held by Halsey Garton Property Investments Ltd is professionally valued every year 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 ultimately only be reliably tested in the market itself.
- That there are unlikely to be sufficient capital gains in the foreseeable future to enable the utilisation of a potential deferred tax asset on investment revaluations. This judgement has been made in light of prevailing property market conditions, the continued expansion of the property portfolio and our experience that significant capital transaction costs on purchase are not offset by increases in underlying property values in the early years after purchase.

6. Average number of persons employed

During the year Halsey Garton Property Ltd did not employ any persons directly. (2019: None)

7. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after:

	2020	2019
	£	£
Audit fees	5,000	4,224
Tax compliance services	2,270	2,165

Tax compliance fees are not paid to the Company’s auditor.

8. Net cash (outflow) from operating activities

Reconciliation of operating loss to cash utilised in operations.

	2020 £	2019 £
(Loss) on ordinary activities before taxation	<u>(34,098,250)</u>	<u>(16,132,537)</u>
Interest payable	14,277,378	12,193,662
Interest receivable	(14,267,872)	(12,183,990)
Dividends received	-	(1,650,000)
Unrealised loss on revaluation of investments	34,050,000	17,722,762
Net decrease in working capital	2,258	6,090
Net cash (outflow) from operating activities	<u>(36,486)</u>	<u>(44,013)</u>

9. Interest receivable and similar income

Interest is receivable on long term intragroup loans between Halsey Garton Property Ltd and Halsey Garton Property Investments Limited.

	2020 £	2019 £
Interest on loans	14,277,378	12,183,990
Total	<u>14,277,378</u>	<u>12,183,990</u>

10. Interest payable and similar charges

Interest is payable on long term intragroup loans between Surrey County Council and Halsey Garton Property Limited.

	2020 £	2019 £
Interest on loans	14,267,872	12,193,594
Bank charges	0	68
Total	<u>14,267,872</u>	<u>12,193,662</u>

11. Taxation

The tax charge/(credit) on the loss on ordinary activities for this period was as follows:

	2020 £	2019 £
UK Corporation tax	-	-
Deferred tax	(832)	-
Tax on loss on ordinary activities	<u>(832)</u>	<u>-</u>

Halsey Garton Property Ltd

	2020	2019
Factors affecting the tax charge/(credit):		
	£	£
(Loss) on ordinary activities before taxation	(34,098,250)	(16,132,537)
Rate of tax for period	19%	19%
(Loss) on ordinary activities before taxation multiplied by the rate of tax for period	(6,478,668)	(3,065,182)
Expenses not deductible for tax purposes	7,251,041	3,828,647
Income not taxable for tax purposes	(780,686)	(461,322)
Exempt ABGH distributions	-	(313,500)
Chargeable gains/(losses)	(6,284,478)	(3,637,643)
Adjustment in respect of prior periods	-	-
Group relief surrendered	8,313	11,357
Adjust closing deferred tax to average rate	(597,613)	597,613
Adjust opening deferred tax to average rate	-	(214,703)
Deferred tax not recognised	6,881,259	3,254,733
Tax on loss on ordinary activities	(832)	-

Expenses not deductible for tax purposes comprise the net deficit from changes in the fair value of investments.

Factors that may affect future tax charges:

The company has tax adjusted non-trade losses of £41,622 (2018/19: £41,622) available for carry forward against future non-trading profits.

12. Dividends

From Halsey Garton Property Ltd to Surrey County Council:

	2020	2019
	£	£
Paid during the year	-	1,600,000
To be declared post year end	-	1,600,000

From Halsey Garton Property Investments Ltd to Halsey Garton Property Ltd:

	2020	2019
	£	£
Received during the year	-	1,650,000
To be declared post year end	-	1,650,000

13. Fixed assets – investments

Investments in subsidiaries are carried at fair value where this can be reliably measured and, for Halsey Garton Property Investments Ltd, this has been determined with reference to the underlying property assets held by the subsidiary. Details on the assumptions made and the key sources of estimation uncertainty are given in note 5.

The net deficit on revaluation of investments arising of £34,050,000 as at 31 March 2020 has been debited to the profit and loss for the year and transferred to the fair value reserve.

	Investments in subsidiaries	
	2020	2019
	£	£
Valuation at 1 April 2019	65,810,992	60,273,754
Additions	-	23,260,000
Fair value adjustments	(34,050,000)	(17,722,762)
Disposals	-	-
Valuation at 31 March 2020	31,760,992	65,810,992

Additions totalling £nil in 2019/20 represent additional capital invested in Halsey Garton Property Investments Ltd.

14. Debtors

	2020	2019
	£	£
<i>Debtors due after more than one year</i>		
Amounts owed by subsidiary undertaking	233,837,000	233,837,000
Sub-Total	233,837,000	233,837,000
<i>Debtors due within one year</i>		
Deferred tax asset	7,255	7,076
VAT	1,530	1,530
Sub-Total	8,785	8,606
Total	233,845,785	233,845,606

Included within long term debtors are intragroup loans totalling £233,837,000 provided to Halsey Garton Property Investments Ltd. These are revolving facility, maturity loan agreements at interest rates ranging from 5.5% to 6.6%. All are due to be repaid in full ten years from the original loan draw down. The carrying amount as at 31 March 2020 is included at amortised cost.

15. Creditors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed to group companies	2	4,763
Other creditors	13,860	10,796
Total	13,862	15,559

Halsey Garton Property Ltd

16. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Amounts owed to parent entity	<u>233,995,432</u>	<u>233,995,432</u>
Total	<u>233,995,432</u>	<u>233,995,432</u>

Intragroup loans totalling £233,995,432 have been provided by Surrey County Council to Halsey Garton Property Ltd. These are maturity loans at interest rates ranging from 5.5% to 6.6% and all are due to be repaid in full, ten years from the original loan draw down. The carrying amount as at 31 March 2020 is included at amortised cost. All loans are due in more than 5 years.

17. Deferred tax provision

	2020 £	2019 £
Opening balance at 1 April 2019	(7,076)	(7,076)
Deferred tax asset for unrelieved tax losses	(149)	-
Deferred tax asset for loss on revaluation	-	-
Closing balance at 31 March 2020	<u>(7,255)</u>	<u>(7,076)</u>

There is a potential deferred tax asset on property revaluations of £11,953,893 which has not been recognised in the accounts due to uncertainty about the availability of sufficient capital profits in the foreseeable future to utilise the losses against. The group incurred significant transaction costs at acquisition of the properties and its strategy is to hold properties for long term income returns and not capital gains. It is unlikely that any property will be sold until such time as it is beneficial to do so.

18. Called up share capital

Authorised, allotted and fully paid:

	2020 £	2019 £
1 founders' shares of £1,000 each	1,000	1,000
92,686 ordinary shares of £1,000 each	<u>92,686,000</u>	<u>92,686,000</u>
Total	<u>92,686,000</u>	<u>92,686,000</u>

19. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investment property assets until they are sold or an asset is impaired. A potential deferred tax asset on revaluations of £11,953,893 has not been recognised in 2020 – see also note 18 above. The reserve is used to distinguish unrealised profits/(losses) from realised profits/(losses) which are held in the profit and loss account.

	Fair value reserve	
	2020 £	2019 £
Reserve at 1 April 2019	(26,875,010)	(9,152,248)
Fair value adjustments (Note 13)	(34,050,000)	(17,722,762)
Deferred tax asset for loss on revaluation	-	-
Reserve at 31 March 2020	<u>(60,925,010)</u>	<u>(26,875,010)</u>

20. Related party disclosures

Halsey Garton Property Ltd is 100% owned by Surrey County Council (SCC) which is the ultimate controlling party. SCC draws up consolidated financial statements for the group and its principal place of business is County Hall, Penrhyn Road, Kingston Upon Thames, Surrey, KT1 2DN.

The only related party transactions were intra-group transactions between Halsey Garton Property Ltd and SCC and between Halsey Garton Property Ltd and Halsey Garton Property Investments Ltd and these have not been disclosed in accordance with section 33.1A of FRS 102.

21. Post balance sheet events

The global economy was affected by the COVID-19 pandemic and the related market volatility has brought certain operational and financial impacts to our entity performance due to the partial or complete lockdown. However this has not lead to any significant post balance sheet events in these financial statements. The potential near-term impact of the developments on the group is discussed in the Strategic Report and note 3.

Following the year end, Halsey Garton Property Limited sold the Ordinary Share holding in Halsey Garton Residential Limited and, Halsey Garton Developments Limited, to Surrey County Council.