

Registration number: 10014718

Chalk Farm Development Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020



Chalk Farm Development Limited

Contents

Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4 to 6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 to 16

Chalk Farm Development Limited

Company Information

Directors	Yaron Shahar Eylon Garfunkel
Registered office	Labs Dockray 1-7 Dockray London NW1 8QH
Auditors	KPMG LLP 15 Canada Square Canary Wharf London United Kingdom E14 5GL

Chalk Farm Development Limited

Directors' Report for the Year Ended 31 March 2020

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

Principal activity

The principal activity of the company is to provide property development services to companies holding properties within the group.

Directors of the company

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

Yaron Shahar

Eylon Garfunkel

Results and dividends

The results for the year are set out on page 7. No ordinary dividends were paid or declared (2019: nil). The directors do not recommend a payment of final dividend.

Going concern

Covid-19

The Company is a member of the Labtech Investments Limited group ('the Group'). In response to the impact of the coronavirus (Covid-19) outbreak, the Group has successfully tested and implemented business continuity procedures (BCP) that have included the majority of the Group's staff working from home, pausing all international travel, asking staff to avoid public transport and introducing other social distancing measures in accordance with relevant government guidance. The Group is also monitoring the BCP effectiveness of key service providers. The pandemic is causing significant financial market and social dislocation and the ultimate extent of the effect of this on the Group is uncertain, but the Directors remain confident as to the Group's continued viability. Further details on the impact of Covid-19 on the Group can be found in note 2.

Reappointment of auditors

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor 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 company's auditor is aware of that information.

Approved by the Board on 31 March 2021 and signed on its behalf by:



.....
Eylon Garfunkel
Director

Chalk Farm Development Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

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

Chalk Farm Development Limited

Independent Auditor's Report to the Members of Chalk Farm Development Limited

Opinion

We have audited the financial statements of Chalk Farm Development Limited (the 'company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom accounting standards, including FRS 102 *The financial Reporting Standards 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 company 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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and as they have concluded that 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 Director's conclusions, we considered the inherent risks to the Company's business model and analysed how those risk might affect the 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 company will continue in operation.

Directors' report

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

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statement 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 misstatement in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and

Chalk Farm Development Limited

Independent Auditor's Report to the Members of Chalk Farm Development Limited

- in our opinion that report has 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for : the preparation of the financial statements and for being satisfied that they give a true and fair view ; 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 company's ability to continue as a 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.

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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

Chalk Farm Development Limited

Independent Auditor's Report to the Members of Chalk Farm Development 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.



.....
Jonathan Tricker (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
Canary Wharf
London
United Kingdom
E14 5GL

31 March 2021

Chalk Farm Development Limited

Statement of Comprehensive Income for the Year Ended 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
Revenue	4	28,499,383	20,112,169
Cost of sales		<u>(27,256,037)</u>	<u>(19,434,173)</u>
Gross profit		1,243,346	677,996
Administrative expenses		<u>(30,950)</u>	<u>(22,345)</u>
Operating profit		<u>1,212,396</u>	<u>655,651</u>
Profit before tax		1,212,396	655,651
Tax on profit	7	<u>-</u>	<u>-</u>
Profit and total comprehensive income for the financial year		<u><u>1,212,396</u></u>	<u><u>655,651</u></u>


There were no items of other comprehensive income in the current or prior year.

The notes on pages 10 to 16 form an integral part of these financial statements.

Chalk Farm Development Limited
(Registration number: 10014718)
Statement of Financial Position as at 31 March 2020

	Note	2020 £	2019 £
Current assets			
Trade and other receivables	8	44,938,768	21,932,626
Cash and cash equivalents		<u>91,516</u>	<u>564,680</u>
		45,030,284	22,497,306
Creditors: Amounts falling due within one year	9	<u>(43,144,993)</u>	<u>(21,824,411)</u>
Net assets		<u>1,885,291</u>	<u>672,895</u>
Equity			
Called up share capital	10	1	1
Profit and loss reserves		<u>1,885,290</u>	<u>672,894</u>
Total equity		<u>1,885,291</u>	<u>672,895</u>

The financial statements were approved and authorised by the Board on 31 March 2021 and signed on its behalf by:



Eylon Garfunkel
 Director

Chalk Farm Development Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
At 1 April 2019	1	672,894	672,895
Profit for the year	-	1,212,396	1,212,396
Total comprehensive income	-	1,212,396	1,212,396
At 31 March 2020	<u>1</u>	<u>1,885,290</u>	<u>1,885,291</u>
	Share capital	Profit and loss reserves	Total
	£	£	£
At 1 April 2018	1	17,243	17,244
Profit for the year	-	655,651	655,651
Total comprehensive income	-	655,651	655,651
At 31 March 2019	<u>1</u>	<u>672,894</u>	<u>672,895</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

Chalk Farm Development Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Labs Dockray, 1-7 Dockray, London, NW1 8QH, United Kingdom.

These financial statements were authorised for issue by the Board on 31 March 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention. The principal accounting policies adopted are set out below.

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

Summary of disclosure exemptions

The Company has taken advantages of the following exemptions in preparing financial statements, as permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows as the Company is small; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.1A

The Company has taken advantage of the exemption available in section 414B of the Companies Act 2006 not to prepare a Strategic Report.

Chalk Farm Development Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Going concern

The Company is a member of the Labtech Investments Limited group ('the Group'). Camley Street Limited ('the Borrower'), a fellow subsidiary of the Group, holds a loan facility secured against the Borrower's and the Company's assets. The loan facility includes financial covenants that are not measured until the development of the property owned by the Borrower is completed. The Directors forecast that the covenants will be complied with for at least the 12 months after approval of these financial statements. The loan agreement includes cure rights were the covenants not met. In such circumstances the Borrower or the Company may require additional funding from the Group.

The Group performs certain operational and administrative functions on behalf of the Company, and the Company has receivables and payables balances with other Group members. Therefore, in assessing the Company's ability to continue as a going concern the Directors have therefore considered the ability of the Group to continue as a going concern.

The Group meets its day-to-day working capital requirements from rental income, proceeds from the sale of non-core assets, accumulated cash balances and, if necessary, loans from its shareholder. Rent collections have reduced following the onset of the Covid-19 pandemic. As a result of Covid-19, and in line with UK government requirements, the Group has scaled down operations in Camden Market in January 2021 to a take-away and click-and-collect basis only. Further, apart from essential retailers, many of the Group's retail tenants temporarily closed their stores at the same time, while some continue to operate on a reduced click and collect basis. Although the office space for both the serviced offices and traditional offices remained open, the rent collection and renewal are lower than their pre-Covid 19 levels. However, before considering the impact of existing shareholder loans and loan covenants on external facilities, the Directors consider the Group has sufficient cash to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The Company is reliant on the Group for funding and therefore the Directors have obtained a letter of support from the Group. As with any reliance on others for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, the Directors have no reason to believe that it will not do so.

Therefore, in assessing the Company's ability to continue as a going concern the Directors have therefore considered the ability of the Group to continue as a going concern.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligation in all the revenue arrangements but still have management fee income included in revenue, has pricing latitude and is also exposed to credit risks. The specific recognition criteria describe below must also be met before revenue is recognised.

Revenue from construction contract is recognised when the amount can be estimated reliably. The contract revenue and contract costs are measured by reference to stage of completion at the end of the reporting period.

Tax

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

Chalk Farm Development Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statements because it exclude 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 company's liability for current year is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction of other event that resulted in the tax expense or income. Deferred tax asset and liabilities are offset when the company has a legally enforceable right to offset the current tax assets and liabilities and the deferred tax assets and liabilities related to taxes levied by the same tax authority.

Cash and cash equivalents

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 overdraft. Bank overdrafts are shown within borrowings in current liabilities.

Financial Instruments

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instruments.

Financial asset and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle liability simultaneously.

Basic financial assets

Basic financial asset, which include debtors, are initially measured at transaction price including transaction cost and 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.

Chalk Farm Development Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

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 evidence a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and amounts due to group undertakings are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from supplies. Amounts payable are classified as current liabilities if payment 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.

Equity instruments

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

3 Critical accounting judgement and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimations and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any estimates and assumptions which have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities.

Chalk Farm Development Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
Sale of goods	27,304,370	19,421,424
Rendering of services	1,195,013	690,745
	28,499,383	20,112,169

All of the revenue is generated within the United Kingdom.

5 Staff costs

The company had no employees (2019:nil) other than the directors who did not receive any remuneration (2019: £nil).

6 Auditors' remuneration

	2020	2019
	£	£
Audit of the financial statements	2,000	2,000

The audit fee of £2,000 (2019: £2,000) for the year was borne by LabTech London Limited, a fellow group undertaking. There were no non-audit services provided by the company's auditor during the year (2019: £nil).

7 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020	2019
	£	£
Profit before tax	1,212,396	655,651
Corporation tax at standard rate	230,355	124,574
Tax decrease arising from group relief	(230,355)	(124,574)
Total tax charge/(credit)	-	-

Chalk Farm Development Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

8 Trade and other receivables

	2020	2019
	£	£
Amounts owed by group undertakings	43,644,901	21,778,070
Other receivables	-	127,250
Prepayments	-	27,306
Accrued income	1,293,867	-
	44,938,768	21,932,626

Amounts owed by group undertakings are interest free and repayable on demand.

9 Creditors

	2020	2019
	£	£
Due within one year		
Trade creditors	57,456	676,717
Amounts due to group undertakings	41,674,843	17,741,573
Other payables	182,163	616,945
Accruals	1,230,531	2,789,176
	43,144,993	21,824,411

Amounts owed to group undertakings are interest free and repayable on demand.

10 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary share of £1 each	1	1	1	1

Chalk Farm Development Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

11 Financial guarantee contracts

The company provided a joint guarantee in connection with bank facilities with Investec Bank PLC to Camley Street Limited.

As at 31 March 2020 the amount of the financial guarantee contract is £72,200,000 (2019: £72,200,000).

12 Parent and ultimate parent undertaking

The company's immediate parent is MTH Investments Limited, incorporated in the British Virgin Islands.

The ultimate parent is The Goodheart Trust, a trust established under the laws of the Isle of Man.

The parent of the largest group in which these financial statements are consolidated is Labtech Investments Limited, incorporated in Guernsey.

The address of Labtech Investments Limited is:

P.O. Box 186, Royal Chambers, St. Julian's Avenue, St. Peter Port, GY1 4HP, Guernsey

The consolidated financial statements of Labtech Investments Limited are not available to the public.