

## **CORONA VULCAN DIDCOT II LIMITED**

Annual report and financial statements  
For the year ended 31 December 2022  
Company Registration No. 05495284



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## Directors' report

The directors present their report on the affairs of Corona Vulcan Didcot II Limited (the "Company"), registered number 05495284, together with the financial statements and auditor's report, for the year ended 31 December 2022. The Directors' Report has been prepared in accordance with the provisions applicable to the small companies regime. Accordingly a strategic report has not been prepared.

### Principal activities

The principal activity of the company is property investment in the United Kingdom.

### Business review

The company had net assets of £5,094,000 as at 31 December 2022 (2021: £2,339,000) and recognised a profit for the year of £2,755,000 (19 May to 31 December 2021: £480,000).

The company has not paid a dividend during the year (2021: nil) and had no employees in the current period (2021: nil). There are no proposed dividends for the year ended 31 December 2022.

### Directors

The directors who held office during the year and up to the date of this financial report were:

A Dawes (resigned 21 March 2022)

J Moise (appointed 21 March 2022)

P Maalde

R Meller

D Williamson

### Going concern basis

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is currently profit making and in a net asset position however, it continues to receive support if needed from its parent Corona Vulcan BidCo Limited, with funding requirements assessed on a monthly basis. The net current liability position is due to an intercompany loan with Corona Vulcan BidCo Limited, a letter of support has been provided stating that Corona Vulcan BidCo Limited will not recall this loan within 12 months of signing of these financial statements.

The Directors have reviewed the current and projected financial position of the Company and have conducted stress tests on forecasts. These forecasts have been assessed and discussed with its parent company and its direct owners. The Directors have assessed that Corona Vulcan Didcot II Limited can continue to operate within the next 12 months of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Indication of future developments

The directors do not anticipate any significant changes in the principal activity in the foreseeable future.

### Post balance sheet events

There were no subsequent events up to the date of authorisation of these financial statements which are considered material to users of the financial statements.

### Political and charitable contributions

The company made no political contributions during the current period (19 May to 31 December 2021: nil). The company donated £2,000 to the Oxfordshire Community Foundation in the year (19 May to 31 December 2021: nil).

### Principal risk and uncertainties

The principal risk and uncertainty, which could have a material impact on the company's long-term performance is the inability to meet cash flow requirements.

The principal risks and uncertainties facing the business are continuously monitored and managed by the directors.

## Director's report (*continued*)

### Financial risk management objectives and policies

With regards to cash flow and liquidity risk, sufficient cash resources are available from the company's parent to ensure payments are met as they fall due.

### Audit of the financial statements

Each Director at the date of approval of this annual report confirms that:

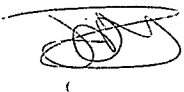
- so far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Appointment of Auditor

Deloitte LLP have been re-appointed for the audit and have expressed their willingness to continue appointment in office as auditor and the Directors have agreed to their appointment.

Approved by the Directors and signed on its behalf by:



J Moise  
Director

Level 26  
1 Canada Square  
Canary Wharf  
E14 5AB  
21 July 2023

## **Statement of Director's responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the Annual 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 FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditor's report to the members of Corona Vulcan Didcot II Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Corona Vulcan Didcot II Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted

#### **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

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

## **Independent auditor's report to the members of Corona Vulcan Didcot II Limited (*continued*)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, FRS 101, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included Data Protection Act.

We discussed among the audit engagement team, including internal real estate specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the incentive to manipulate the assumptions utilised by the internal valuer in their estimation of the fair value of the investment property. Our specific procedures performed to address this are described below:

- We obtained and documented an understanding of relevant controls in the valuation process;
- We engaged internal real estate specialists to challenge the key assumptions used in the valuation of the investment property against comparable market evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

## **Independent auditor's report to the directors of Corona Vulcan Didcot Limited (continued)**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of our report**

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



Andy Siddorns FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
21 July 2023



**Statement of comprehensive income**  
For the year ended 31 December 2022

	<i>Notes</i>	<b>Year ended 31 December 2022 £'000</b>	<b>Period from 19 May to 31 December 2021 £'000</b>
Revenue	4	1,725	921
Cost of sales		<u>(463)</u>	<u>(168)</u>
<b>Gross profit</b>		<b>1,262</b>	<b>753</b>
Administrative costs		(34)	(32)
<b>Operating profit</b>	5	<u>1,228</u>	<u>721</u>
Finance costs	6	(971)	(605)
Other gains	7	2,555	655
<b>Profit before taxation</b>		<u>2,812</u>	<u>771</u>
Taxation	8	(57)	(291)
<b>Total comprehensive income for the year/period</b>		<u><u>2,755</u></u>	<u><u>480</u></u>

All activities are derived from continuing operations.

The Statement of comprehensive income should be read in conjunction with the notes to the financial statements.

There were no items of other comprehensive income other than the profit for the period and consequently no separate statement of other comprehensive income is presented.

## Statement of financial position

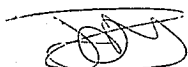
As at 31 December 2022

	Notes	31 December 2022 £'000	31 December 2021 £'000
<b>Non-current assets</b>			
Investment property	9	21,959	19,244
		<u>21,959</u>	<u>19,244</u>
<b>Current assets</b>			
Trade and other receivables	10	142	129
Corporation tax	8	315	39
Cash and cash equivalents	11	361	989
		<u>818</u>	<u>1,157</u>
<b>Total assets</b>		<u>22,777</u>	<u>20,401</u>
<b>Non-current liabilities</b>			
Lease liabilities	12	(2,901)	(2,901)
Deferred tax	8	(273)	(249)
		<u>(3,174)</u>	<u>(3,150)</u>
<b>Current liabilities</b>			
Lease liabilities	12	(118)	(118)
Trade and other payables	13	(14,391)	(14,794)
		<u>(14,509)</u>	<u>(14,912)</u>
<b>Total liabilities</b>		<u>(17,683)</u>	<u>(18,062)</u>
<b>Net assets</b>		<u>5,094</u>	<u>2,339</u>
<b>Equity</b>			
Share capital	14	29,500	29,500
Accumulated losses		(24,406)	(27,161)
<b>Total equity</b>		<u>5,094</u>	<u>2,339</u>

The Statement of financial position should be read in conjunction with the notes to the financial statements.

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of Corona Vulcan Didcot II Limited, registered number 05495284, were approved and authorised for issue by the Board of Directors on 21 July 2023 and were signed on their behalf by:



J Moise

Director

Corona Vulcan Didcot II Limited

**Statement of changes in equity**  
**For the year ended 31 December 2022**

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
At 19 May 2021	29,500	(27,641)	1,859
Total comprehensive income for the period	-	480	480
At 31 December 2021	29,500	(27,161)	2,339
Total comprehensive income for the year	-	2,755	2,755
At 31 December 2022	29,500	(24,406)	5,094

The Statement of changes in equity should be read in conjunction with the notes to the financial statements.

## Notes to the financial statements (forming part of the financial statements)

### 1. General information

Corona Vulcan Didcot II Limited is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is Level 26, One Canada Square, London, E14 5AB. The nature of the company's operations and its principal activities are set out in the Directors' report.

### 2. Significant accounting policies

#### *Basis of accounting*

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and certain related party transactions.

These exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Brookfield Corporation (formerly Brookfield Asset Management Inc.), into which the Company is consolidated. The financial statements of Brookfield Corporation are publicly available and can be obtained as described in note 15.

The financial statements have been prepared under the historical cost convention except for investment property measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies have been consistently applied in the current period and are set out below.

The financial statements are expressed in Pound Sterling ("£") which is the functional currency of the company.

#### *Going concern*

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is currently profit making and in a net asset position however, it continues to receive support if needed from its parent Corona Vulcan BidCo Limited, with funding requirements assessed on a monthly basis. The net current liability position is due to an intercompany loan with Corona Vulcan BidCo Limited, a letter of support has been provided stating that Corona Vulcan BidCo Limited will not recall this loan within 12 months of signing of these financial statements.

The Directors have reviewed the current and projected financial position of the Company and have conducted stress tests on forecasts. These forecasts have been assessed and discussed with its parent company and its direct owners. The Directors have assessed that Corona Vulcan Didcot II Limited can continue to operate within the next 12 months of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### *Financial Instruments*

#### Investments and other financial assets

##### i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The company reclassifies debt investments when and only when its business model for managing those assets changes.

##### ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

## Notes to the financial statements (*continued*)

### 2. Significant accounting policies (*continued*)

#### iii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and is presented net within other gains (losses) in the period in which it arises.

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in net change in fair value of financial instruments at fair value through profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### iv) Impairment

The company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The company's financial assets are subject to the expected credit loss model.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## Notes to the financial statements (*continued*)

### 2. Significant accounting policies (*continued*)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 or 1 January 2023, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable. Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics);
- external market indicators; and
- tenant base.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

#### Financial liabilities

The company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the company opted to measure a liability at FVPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are initially recognized initially at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

#### **Revenue recognition**

Revenue includes rental income and service charge income.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the company provides incentives to its tenants, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where the company is reasonably certain that the tenant will exercise that option.

## Notes to the financial statements (*continued*)

### 2. Significant accounting policies (*continued*)

#### *Taxation*

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law that have been enacted or substantially enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### *Investment property*

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is stated at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

#### *Right of use assets and liabilities*

The present value of future ground rents is added to the carrying value of the right-of-use asset which is accounted for as investment property and to the lease liability. On payment of ground rent, the interest element is charged to the statement of comprehensive income and the balance reduces the lease liability.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts.

### 3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimates) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

As the valuation of the company's properties is fundamental to the company's statement of financial position, the directors of the company consult with internal RICS qualified valuers to determine the valuation included within the year-end financial statements together with changes in market conditions (note 9).

Management does not consider there to be any key sources of estimation uncertainty, apart from the valuation mentioned above, or any critical accounting judgements pertinent to the preparation of these financial statements.

## Notes to the financial statements (*continued*)

### 4. Revenue

Revenue is solely generated in the United Kingdom.

	Year ended 31 December 2022	Period from 19 May to 31 December 2021
	£'000	£'000
Rental income	1,479	798
Insurance income	10	6
Service charge revenue	236	117
Total revenue	<u>1,725</u>	<u>921</u>

Service charge and insurance income are associated with the ongoing maintenance of the property by the landlord. Where permitted under the lease agreements, these costs are recovered from tenants.

Future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	Year ended 31 December 2022	Period from 19 May to 31 December 2021
	£'000	£'000
Due within 1 year	1,870	1,858
Due within 1-2 year	1,847	1,767
Due within 2-3 year	1,527	1,632
Due within 3-4 year	1,527	1,245
Due within 4-5 year	1,493	1,229
Due after 5 years	4,374	5,177
Total	<u>12,638</u>	<u>12,908</u>

### 5. Operating profit

Fees payable to the Company's auditor in respect of their audit of these financial statements were £24,960 (19 May to 31 December 2021: £24,750), with no non-audit fees in either period.

### 6. Finance costs

	Year ended 31 December 2022	Period from 19 May to 31 December 2021
	£'000	£'000
Interest on related party loan	854	533
Interest on lease liability	120	72
Interest income	(3)	-
	<u>971</u>	<u>605</u>

### 7. Other gains and losses

	Year ended 31 December 2022	Period from 19 May to 31 December 2021
	£'000	£'000
Gain on fair value of investment property	2,498	661
Losses on fair value of other assets	57	(6)
	<u>2,555</u>	<u>655</u>



## Notes to the financial statements (continued)

### 8. Taxation

	Year ended 31 December 2022 £'000	Period from 19 May to 31 December 2021 £'000
<b>Recognised in the statement of comprehensive income</b>		
Current tax expense	49	42
Adjustments in respect of prior period	(16)	-
Total current tax charge in statement of comprehensive income	<u>33</u>	<u>42</u>
<b>Deferred tax expense</b>		
Origination and reversal of timing differences	622	(242)
Adjustments in respect of prior period	(598)	491
Total tax charge in statement of comprehensive income	<u>57</u>	<u>291</u>
<b>Reconciliation of effective tax rate</b>	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before tax	2,812	771
Tax using the UK corporation tax rate of 19%	<u>534</u>	<u>146</u>
Tax effect of amounts which are not deductible in calculating taxable income:		
· Origination and reversal of timing differences	95	(378)
· Expenses not allowable for tax purposes	42	32
· Adjustment in respect of previous year	(614)	491
Total tax charge in statement of comprehensive income	<u>57</u>	<u>291</u>
<b>Deferred tax assets and (liabilities)</b>		
Opening balance	(249)	-
Investment Properties	(81)	(310)
IFRS 16 - finance lease	57	60
Closing balance	<u>(273)</u>	<u>(249)</u>

The company's standard rate of corporation tax throughout the period was 19%.

In March 2021, the UK Government announced that the main rate of corporation tax will be increased from 19% to 25% from 1 April 2023. This change to the corporation tax rate was substantively enacted at the balance sheet date and therefore, is reflected in the calculation of deferred tax balances as at 31 December 2022.

	31 December 2022 £'000	31 December 2021 £'000
Debtors		
Current tax debtor	<u>315</u>	<u>39</u>
	<u>315</u>	<u>39</u>

## Notes to the financial statements (continued)

### 9. Investment property

	31 December 2022	31 December 2021
	£'000	£'000
Opening balance	19,244	18,968
Right of use asset movement	57	(6)
Capital expenditures	110	(87)
Tenant incentives and leasing costs	376	10
Straight-lining of tenant incentives and leasing costs	(326)	(302)
Fair value adjustment during the period	2,498	661
<b>As at 31 December</b>	<b>21,959</b>	<b>19,244</b>

The carrying value of investment properties includes a right of use asset of £2,843,000 (2021: £2,962,000). The fair value of the property has been set at £18,940,000. The carrying amount of investment properties is the fair value of the property as determined by a RICS qualified internal appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The value was determined based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the balance sheet date, less future cash outflows in respect of such leases. The sale of similar properties in the same location and in similar condition and leasing profile are also used in determining the fair value of the property.

The property is pledged as security for the debt held by the entity's parent company, Corona Vulcan BidCo Limited.

The historical cost of the investment property at 31 December 2022 was £45,389,000 (18 May 2021: £44,903,000).

The following summarises the sensitivity from the assumptions made by the Company in respect to the unobservable inputs used in the fair value measurement of the investment property. The equivalent cap rate used in the valuation of the property was 6.40%.

Input	Sensitivity	2022	2021
		£'000	£'000
Cap rate	+0.05%	(75)	(60)
Cap rate	+0.25%	(353)	(290)

### 10. Trade and other receivables

	31 December 2022	31 December 2021
	£'000	£'000
Trade receivables	136	114
Prepayments	6	6
Accrued income	-	9
	<b>142</b>	<b>129</b>

All amounts shown under receivables fall due for payment within one year and are repayable on demand. The amounts owed are unsecured.

No loss allowance provision was recognised in 2022 (2021: £32,000).

The carrying amount of trade and other receivables approximates to their fair value.

### 11. Cash and cash equivalents

	31 December 2022	31 December 2021
	£'000	£'000
Cash at bank and in hand	292	942
Restricted cash	69	47
	<b>361</b>	<b>989</b>

Cash at bank and in hand includes rental income held by the managing agent in advance of the interest payment date. As at 31 December 2022 this was £228,000 (2021: 473,000). Cash at bank and in hand also includes service charge cash of £27,000 (2021: £139,000). Restricted cash consists of tenant deposits of £69,000 (2021: £47,000).

## Notes to the financial statements (continued)

### 12. Lease liabilities

Finance lease obligations in respect of the Company's leasehold properties are payable as follows:

	Minimum lease payments	
	31 December 2022	31 December 2021
	£'000	£'000
Less than one year	118	118
Between two and five years	470	470
More than five years	28,119	28,237
Balance as 31 December	<u>28,707</u>	<u>28,825</u>
Future finance charges	(25,688)	(25,806)
	<u>3,019</u>	<u>3,019</u>

The finance lease obligations relate to land leased by the company from South Oxfordshire District Council and is based on a 3.95% implicit rate of interest. This a 250 year lease commencing from March 2017.

### 13. Trade and other payables

	31 December 2022	31 December 2021
	£'000	£'000
Trade payables	59	251
Deferred income	272	151
VAT	94	238
Other payables	222	804
Related party payables	<u>13,744</u>	<u>13,350</u>
	<u>14,391</u>	<u>14,794</u>

The balance included within related party payables is an interest bearing intercompany loan payable to Corona Vulcan BidCo Limited, the 100% parent undertaking of Corona Vulcan Didcot II Limited. There is an interest rate of 6.50% applicable on the loan and it is repayable on demand. There are no loan covenants.

### 14. Share capital

	31 December 2022	31 December 2021
	£'000	£'000
<i>Allotted, called up and fully paid</i>		
29,500,000 ordinary shares of £1 each	<u>29,500</u>	<u>29,500</u>

### 15. Ultimate parent undertaking

At the year end the Company is a wholly owned subsidiary of Corona Vulcan BidCo Limited, which is registered in Jersey.

The smallest and largest group in which the results of the Company are consolidated is that headed by Brookfield Corporation (formerly Brookfield Asset Management Inc.), incorporated in Canada. The consolidated financial statements of Brookfield Corporation are available to the public and may be obtained from its registered office at Brookfield Place, 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3.

### 16. Subsequent events

There were no subsequent events up to the date of authorisation of these financial statements which are considered material to users of the financial statements.