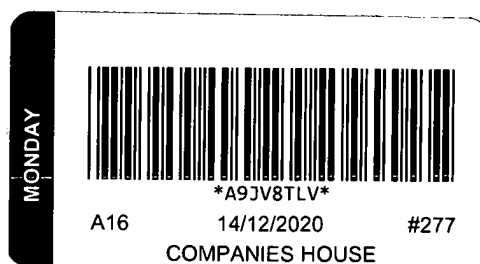


COMPANY REGISTRATION NUMBER: 07488898

SPH 2011 Limited
Financial statements
31st December 2019



SPH 2011 Limited

Financial statements

year ended 31st December 2019

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SPH 2011 Limited

Officers and professional advisers

The board of directors

P D Healey
A S Fish
A J Standish
A M Clare

Company secretary

A S Fish

Registered office

Welton Grange
Welton
Brough
East Yorkshire
HU15 1NB

Auditor

Sagars Accountants Ltd
Chartered accountants & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

SPH 2011 Limited

Strategic report

year ended 31st December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activities and review of the business

The principal activity of the group remains that of investment, firstly in retail property through its two retail parks, secondly in housebuilding and technology through the provision of loan finance to third party entities and thirdly in listed investments through its interest in an Open Ended Investment Company ("OEIC").

Due to the continuing stagnation in the retail property investment market and the ongoing headwinds being faced by the retail sector generally, the group's investments in the shopping parks were revalued downwards by £16m in line with overall sector valuations. The directors are confident that the mix of retailers in the parks will continue to provide stability through the current climate and although clearly a challenging time in the sector most tenants remained financially viable and consequently rents have remained stable for the year.

In addition the group made a full provision against a loan of £6.36m and an investment of £2.53m in a technology company, following the collapse of a potential merger that created significant uncertainty over the future of the business.

Bank interest received totalled £562k (2018: £628k), and other interest received, largely on a loan to a house building company, amounted to £3.48m (2018: £5.48m).

Overall and after the exceptional write downs noted above, the group returned a loss after tax for the year of £12.34m.

Position of the company's and group's business at the end of the year

During the year the group made a £30m investment into a private OEIC, that in turn invests in listed investments through discretionary investment managers. This was valued at £30.15m as at the year end.

After the write down noted above the group's investment in the two retail parks was valued at £114.98m and in addition the group held shares in a listed entity with a focus on retail property investment, valued at £11.66m as at 31st December 2019.

The group's other assets include cash of £110.08m and deferred consideration due on the sale of the CentrO Shopping Centre investment in 2014, of £19.77m.

As at 31st December 2019, the group's loan to the housebuilding company stood at £54.99m.

The group remains in a strong position with net assets of £311.89m, including £110m of available cash to invest in future opportunities agreed by the board.

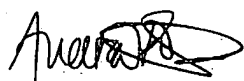
Principal risks and uncertainties facing the business

The principal risks to the group relate to fluctuations in yields of retail property investments arising from macro economic factors and currently and most notably, as a result of the effect of the Covid-19 pandemic. The group endeavours to mitigate these risks as far as possible through the careful selection of tenants with regard to its retail park portfolio.

The group is also exposed to fluctuations in house prices which will impact on the recoverability of the group loan to the housebuilding business. The directors regularly review the key metrics associated with the UK housing market and undertake regular discussions with management to monitor this position.

The group is also exposed to fluctuations in the stock market which will affect the value of the shares in the OEIC. The directors have engaged independent investment consultants and are in regular discussion with the fund managers to discuss strategy and monitor the investments.

This report was approved by the board of directors on 4th December 2020 and signed on behalf of the board by:



A S Fish
Director

SPH 2011 Limited

Directors' report

year ended 31st December 2019

The directors present their report and the financial statements of the group for the year ended 31st December 2019.

Directors

The directors who served the company during the year were as follows:

P D Healey
A S Fish
A J Standish
A M Clare

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and 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.

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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

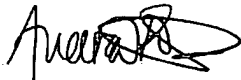
Sagars Accountants Ltd is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

SPH 2011 Limited

Directors' report *(continued)*

year ended 31st December 2019

This report was approved by the board of directors on 4th December 2020 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'A S Fish', with a stylized flourish at the end.

A S Fish
Director

SPH 2011 Limited

Independent auditor's report to the members of SPH 2011 Limited

year ended 31st December 2019

Opinion,

We have audited the financial statements of SPH 2011 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2019 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

SPH 2011 Limited

Independent auditor's report to the members of SPH 2011 Limited *(continued)*

year ended 31st December 2019

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

SPH 2011 Limited

Independent auditor's report to the members of SPH 2011 Limited *(continued)*

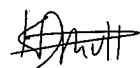
year ended 31st December 2019

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Kevin Hoult BA FCA (Senior Statutory Auditor)

For and on behalf of
Sagars Accountants Ltd
Chartered accountants & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

4th December 2020

SPH 2011 Limited

Consolidated statement of income and retained earnings

year ended 31st December 2019

	Note	2019 £	2018 £
Turnover	5	9,606,886	8,089,237
Cost of sales		<u>(1,380,846)</u>	<u>(947,363)</u>
Gross profit		8,226,040	7,141,874
Administrative expenses		<u>(22,002,925)</u>	<u>(17,393,825)</u>
Operating loss	6	(13,776,885)	(10,251,951)
Gain/(loss) on financial assets at fair value		(4,697,550)	(426,130)
Income from other fixed asset investments	9	751,095	810,956
Other interest receivable and similar income	10	4,047,160	6,110,840
Amounts written back to investments		–	(32,583,429)
Interest payable and similar expenses	11	<u>(196,001)</u>	<u>(931,222)</u>
Loss before taxation		(13,872,181)	(37,270,936)
Tax on loss	12	<u>1,535,508</u>	<u>(7,141,953)</u>
Loss for the financial year and total comprehensive income		<u>(12,336,673)</u>	<u>(44,412,889)</u>
Retained earnings at the start of the year		302,633,949	347,046,838
Retained earnings at the end of the year		<u>290,297,276</u>	<u>302,633,949</u>

All the activities of the group are from continuing operations.

The notes on pages 13 to 27 form part of these financial statements.

SPH 2011 Limited

Company statement of income and retained earnings

year ended 31st December 2019

	Note	2019 £	2018 £
Loss for the financial year and total comprehensive income		(12,293,494)	(69,616,797)
Retained earnings at the start of the year		319,717,641	389,334,438
Retained earnings at the end of the year		<u>307,424,147</u>	<u>319,717,641</u>

The notes on pages 13 to 27 form part of these financial statements.

SPH 2011 Limited

Consolidated statement of financial position

31st December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	3,880,408	4,527,143
Tangible assets	14	115,120,296	131,402,321
Investments	15	41,965,466	16,663,016
		<u>160,966,170</u>	<u>152,592,480</u>
Current assets			
Debtors: due within one year	16	26,193,978	20,372,983
Debtors: due after more than one year	16	55,681,953	55,483,855
Cash at bank and in hand		110,082,577	117,237,720
		<u>191,958,508</u>	<u>193,094,558</u>
Creditors: amounts falling due within one year	17	<u>(41,038,776)</u>	<u>(13,399,505)</u>
Net current assets		<u>150,919,732</u>	<u>179,695,053</u>
Total assets less current liabilities		<u>311,885,902</u>	<u>332,287,533</u>
Creditors: amounts falling due after more than one year	18	<u>—</u>	<u>(8,064,958)</u>
Net assets		<u>311,885,902</u>	<u>324,222,575</u>
Capital and reserves			
Called up share capital	21	21,809	21,809
Capital redemption reserve	22	3,064	3,064
Other reserves	22	21,563,753	21,563,753
Profit and loss account	22	290,297,276	302,633,949
Shareholders funds		<u>311,885,902</u>	<u>324,222,575</u>

These financial statements were approved by the board of directors and authorised for issue on 4th December 2020, and are signed on behalf of the board by:



A S Fish
Director

Company registration number: 07488898

The notes on pages 13 to 27 form part of these financial statements.

SPH 2011 Limited

Company statement of financial position

31st December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	15	286,294,940	268,708,098
Current assets			
Debtors: due within one year	16	19,801,516	64,504
Debtors: due after more than one year	16	–	17,972,431
Cash at bank and in hand		80,837,001	96,517,257
		<u>100,638,517</u>	<u>114,554,192</u>
Creditors: amounts falling due within one year	17	<u>(79,484,437)</u>	<u>(63,519,776)</u>
Net current assets		<u>21,154,080</u>	<u>51,034,416</u>
Total assets less current liabilities		<u>307,449,020</u>	<u>319,742,514</u>
Net assets		<u>307,449,020</u>	<u>319,742,514</u>
Capital and reserves			
Called up share capital	21	21,809	21,809
Capital redemption reserve	22	3,064	3,064
Profit and loss account	22	307,424,147	319,717,641
Shareholders funds		<u>307,449,020</u>	<u>319,742,514</u>

The loss for the financial year of the parent company was £12,293,494 (2018: £69,616,797).

These financial statements were approved by the board of directors and authorised for issue on 4th December 2020, and are signed on behalf of the board by:



A S Fish
Director

Company registration number: 07488898

The notes on pages 13 to 27 form part of these financial statements.

SPH 2011 Limited

Consolidated statement of cash flows

year ended 31st December 2019

	2019 £	2018 £
Cash flows from operating activities		
Loss for the financial year	(12,336,673)	(44,412,889)
<i>Adjustments for:</i>		
Depreciation of tangible assets	41,434	46,102
Amortisation of intangible assets	646,735	646,735
Fair value adjustment of investment property	16,405,694	5,709,273
Gain/(loss) on financial assets at fair value	4,697,550	426,130
Income from other fixed asset investments	(751,095)	(810,956)
Other interest receivable and similar income	(4,047,160)	(6,110,840)
Interest payable and similar expenses	196,001	931,222
(Gains)/loss on disposal of tangible assets	(1,803,111)	50,098
Tax on loss	(1,535,508)	7,141,953
<i>Changes in:</i>		
Trade and other debtors	(5,468,333)	69,654,487
Trade and other creditors	(1,719,862)	(97,008,702)
Cash generated from operations	(5,674,328)	(63,737,387)
Interest paid	(196,001)	(931,222)
Interest received	4,047,160	6,110,840
Tax paid	(357,124)	(742,876)
Net cash used in operating activities	<u>(2,180,293)</u>	<u>(59,300,645)</u>
Cash flows from investing activities		
Purchase of tangible assets	(172,690)	(137,005)
Proceeds from sale of tangible assets	1,810,698	4,207,849
Purchases of other investments	(30,000,000)	—
Dividends received	751,095	810,956
Net cash (used in)/from investing activities	<u>(27,610,897)</u>	<u>4,881,800</u>
Cash flows from financing activities		
Proceeds from borrowings	30,701,005	262,695
Proceeds from loans from participating interests	(8,064,958)	(18,020,156)
Net cash from/(used in) financing activities	<u>22,636,047</u>	<u>(17,757,461)</u>
Net decrease in cash and cash equivalents	(7,155,143)	(72,176,306)
Cash and cash equivalents at beginning of year	117,237,720	189,414,026
Cash and cash equivalents at end of year	<u>110,082,577</u>	<u>117,237,720</u>

The notes on pages 13 to 27 form part of these financial statements.

SPH 2011 Limited

Notes to the financial statements

year ended 31st December 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Welton Grange, Welton, Brough, East Yorkshire, HU15 1NB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Principal activity

The principal activities of the company and group are property development and the management of retail and leisure facilities.

4. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The directors, having made due and careful enquiry, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company and group has adequate resources to continue in operational existence for the foreseeable future.

In arriving at this conclusion, the directors have given due consideration to the impact of the worldwide Covid-19 pandemic on future operations and the ability of the company and group to continue to operate as a going concern. The directors recognise that the situation remains highly fluid and as a result making accurate forecasts on the likely implications is difficult but the directors do recognise that trading over the coming months could potentially be adversely affected.

Despite this, the directors remain confident that the company and group can continue to operate as a going concern. This assessment is based on the understanding that the company and group will continue to trade over the coming months, albeit at a reduced level than was initially anticipated. This, along with retained reserves will allow the company and group to continue to meet its obligations as they fall due and operate as a going concern.

As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

4. Accounting policies *(continued)*

Consolidation

The group financial statements consolidate the financial statements of SPH 2011 Limited and its subsidiary undertakings drawn up to 31 December 2019. The results of subsidiary undertakings acquired or disposed of are included in the group profit and loss account from or up to the effective date of acquisition or disposal.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method. The group profit and loss account includes the group's share of associate profits less losses, while the group's share of net assets of the associate is shown in the group balance sheet.

The company holds a majority of shares in an Open Ended Investment Company, Meadowgate Balanced Fund, for investment purposes and held for resale, as a result, the holding in this investment has been shown as an investment and the individual transactions of the fund have not been consolidated.

In the parent undertaking financial statement investments in subsidiaries, joint ventures and associates are accounted for at the lower of cost and net realisable value.

No profit and loss account is presented for the company as permitted by section 408 of The Companies Act 2006.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Details of these judgements are set out in the accounting policies.

Revenue recognition

Turnover comprises the value of rentals received by the group exclusive of VAT. Turnover is recognised on an accruals basis. All of the group's turnover arose in the United Kingdom from the group's principal activity.

The aggregate cost of lease incentives are recognised as a reduction in the income recognised over the lease term on a straight line basis.

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

4. Accounting policies *(continued)*

Taxation

Deferred tax is measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only 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. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where: - the group is able to control the reversal of the timing difference; and - it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if: - the group has a legally enforceable right to set off current tax assets against current tax liabilities, and - the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

Goodwill

Goodwill arising on consolidation represents the excess of fair value of the consideration given over the fair value of the identifiable net assets acquired. For acquisition of a subsidiary, goodwill is capitalised in the period in which it arises and amortised over its estimated useful life.

Goodwill is reviewed for impairment at the end of the first full financial period following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

4. Accounting policies *(continued)*

Tangible assets

i. Investment properties

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure. Investment property is then revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

ii. Other

Other fixed assets are stated at cost less accumulated depreciation and accumulated provision for impairment. The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	-	Over the term of the lease
Plant and machinery	-	3 - 10 years

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

4. Accounting policies *(continued)*

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Interest bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance costs in respect of the reporting period and reduced by payments made in respect of the debt of the period.

Finance costs of debt are allocated over the term of the debt at constant rate on the carrying amount.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

SPH 2011 Limited

Notes to the financial statements (continued)

year ended 31st December 2019

4. Accounting policies (continued)

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

5. Turnover

Turnover arises from:

	2019 £	2018 £
Income from leasing property	8,752,405	6,745,966
Management fee income	854,481	1,343,271
	<u>9,606,886</u>	<u>8,089,237</u>

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

5. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019 £	2018 £
Amortisation of intangible assets	646,735	646,735
Depreciation of tangible assets	41,434	46,102
(Gains)/loss on disposal of tangible assets	(1,803,111)	50,098
Fair value adjustments to investment property	16,405,694	5,709,273
Impairment of trade debtors	6,376,282	(4,180)
Foreign exchange differences	277,632	(885)
	<u>277,632</u>	<u>(885)</u>

The auditors remuneration for the group was invoiced to subsidiary companies and amounted to £45,200 (2018 - £42,900).

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2019 No.	2018 No.
Administrative staff	<u>22</u>	<u>27</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019 £	2018 £
Wages and salaries	1,277,610	1,636,538
Social security costs	163,285	162,979
Other pension costs	123,089	176,502
	<u>1,563,984</u>	<u>1,976,019</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019 £	2018 £
Remuneration	474,975	467,765
Company contributions to defined contribution pension plans	46,646	105,579
	<u>521,621</u>	<u>573,344</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019 No.	2018 No.
Defined contribution plans	<u>4</u>	<u>4</u>

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

8. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2019 £	2018 £
Aggregate remuneration	229,877	231,486
Company contributions to defined contribution pension plans	18,087	25,888
	<u>247,964</u>	<u>257,374</u>

9. Income from other fixed asset investments

	2019 £	2018 £
Income from other fixed asset investments	<u>751,095</u>	<u>810,956</u>

10. Other interest receivable and similar income

	2019 £	2018 £
Interest on cash and cash equivalents	561,767	628,403
Other interest receivable and similar income	3,485,393	5,482,437
	<u>4,047,160</u>	<u>6,110,840</u>

11. Interest payable and similar expenses

	2019 £	2018 £
Other interest payable and similar charges	<u>196,001</u>	<u>931,222</u>

12. Tax on loss

Major components of tax income

	2019 £	2018 £
Current tax:		
UK current tax income	–	1,119,106
Adjustments in respect of prior periods	(1,535,508)	–
Total current tax	<u>(1,535,508)</u>	<u>1,119,106</u>
Deferred tax:		
Origination and reversal of timing differences	–	6,022,847
Tax on loss	<u>(1,535,508)</u>	<u>7,141,953</u>

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

12. Tax on loss *(continued)*

The group has no deferred tax liability.

Deferred tax assets have only been recognised to the extent that the group has assessed that taxable profits are forecast to probably arise which will utilise losses in future periods. To the extent that profits are not forecast no deferred tax has been recognised in respect of accelerated capital allowances, short-term timing differences and losses carried forward as there is insufficient evidence that these assets will be recovered.

Reconciliation of tax (income)/expense

The tax assessed on the loss on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Loss on ordinary activities before taxation	(13,872,181)	(37,270,936)
Loss on ordinary activities by rate of tax	(2,635,714)	(7,081,478)
Adjustment to tax charge in respect of prior periods	(1,535,508)	–
Effect of expenses not deductible for tax purposes	2,925,130	3,683,659
Movement in unprovided deferred tax	(289,416)	10,539,772
Tax on loss	<u>(1,535,508)</u>	<u>7,141,953</u>

13. Intangible assets

Group	Goodwill £
Cost	
At 1st January 2019 and 31st December 2019	<u>8,590,181</u>
Amortisation	
At 1st January 2019	4,063,038
Charge for the year	646,735
At 31st December 2019	<u>4,709,773</u>
Carrying amount	
At 31st December 2019	<u>3,880,408</u>
At 31st December 2018	<u>4,527,143</u>

The company has no intangible assets.

Goodwill relates to the acquisition of Stadium Parkgate (Holdings) Limited and following the adoption of FRS102 is being amortised over 10 years which is the period which it is deemed that economic benefit is estimated to be derived.

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

14. Tangible assets

Group	Investment properties £	Leasehold property £	Fixtures, fittings, plant and machinery £	Total £
Cost				
At 1st January 2019	131,245,307	47,852	262,319	131,555,478
Additions	143,644	–	29,046	172,690
Disposals	–	–	(28,606)	(28,606)
Revaluations	(16,405,694)	–	–	(16,405,694)
At 31st December 2019	114,983,257	47,852	262,759	115,293,868
Depreciation				
At 1st January 2019	–	22,172	130,985	153,157
Charge for the year	–	4,785	36,649	41,434
Disposals	–	–	(21,019)	(21,019)
At 31st December 2019	–	26,957	146,615	173,572
Carrying amount				
At 31st December 2019	114,983,257	20,895	116,144	115,120,296
At 31st December 2018	131,245,307	25,680	131,334	131,402,321

The company has no tangible assets.

The group's investment properties were valued by the directors, as at 31 December 2019 at £114,983,257 (2018 - £131,245,307) on an open market basis.

The historic cost of investment properties stated at valuation as at 31 December 2019 is £171,842,263 (2018 - £171,698,619).

15. Investments

Group	Other investments other than loans £
Cost	
At 1st January 2019	16,663,016
Additions	30,000,000
Revaluations	(4,697,550)
At 31st December 2019	41,965,466
Impairment	
At 1st January 2019 and 31st December 2019	–

SPH 2011 Limited

Notes to the financial statements (continued)

year ended 31st December 2019

15. Investments (continued)

Group

Other
investments
other than loans
£

Carrying amount
At 31st December 2019

41,965,466

At 31st December 2018

16,663,016

Company

	Shares in group undertakings £	Other investments other than loans £	Total £
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Cost

At 1st January 2019

348,167,097	157,160	348,324,257
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Additions

–	30,000,000	30,000,000
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Revaluations

–	144,287	144,287
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At 31st December 2019

348,167,097	30,301,447	378,468,544
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Impairment

At 1st January 2019

79,616,159	–	79,616,159
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Impairment losses

12,557,445	–	12,557,445
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At 31st December 2019

92,173,604	–	92,173,604
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Carrying amount

At 31st December 2019

255,993,493	30,301,447	286,294,940
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At 31st December 2018

268,550,938	157,160	268,708,098
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SPH 2011 Limited

Notes to the financial statements (continued)

year ended 31st December 2019

15. Investments (continued)

Details of the investments in which the company holds 20% or more of the nominal value of any class of the share capital are as follows:

Name	Country of incorporation	Holding	Proportion of voting rights	Principal activity
Stadium Parkgate (Holdings) Limited	UK	Ordinary shares	100%	Parent undertaking
Stadium Welton Limited	UK	Ordinary shares	100%	Property Management
Stadium Newport Limited	UK	Ordinary shares	100%*	Property investment
Llandudno Retail Park Limited	UK	Ordinary shares	100%*	Property investment
Stadium Ty Glas Limited	UK	Ordinary shares	100%*	Property investment
Stadium Bournemouth Limited	UK	Ordinary shares	100%***	Property investment
Stadium Catcliffe Limited	UK	Ordinary shares	100%***	Property investment
Stadium Widnes Limited	UK	Ordinary shares	100%***	Property investment
Stadium Barnsley Limited	UK	Ordinary shares	100%*	Property investment
Stadium Bradford Limited	UK	Ordinary shares	100%*	Property investment
Stadium Property Asset Management No 3 Limited	UK	Ordinary shares	100%*	Property investment
Hall Properties (Holdings) Limited	UK	Ordinary shares	100%**	Parent undertaking
Hall Property Developments Limited	UK	Ordinary shares	100%****	Property investment

* Investment held indirectly through Stadium Parkgate (Holdings) Limited

** Investment held by Stadium Welton Limited

*** Investment held by Stadium (Newport) Limited

**** Investment held by Hall Properties (Holdings) Limited

16. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts owed by related parties	3,352,566	—	—	—
Prepayments and accrued income	1,095,329	1,228,238	21,563	64,504
Corporation tax repayable	550,760	—	—	—
Other debtors	21,195,323	19,144,745	19,779,953	—
	<u>26,193,978</u>	<u>20,372,983</u>	<u>19,801,516</u>	<u>64,504</u>

Debtors falling due after one year are as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Prepayments and accrued income	691,007	560,424	—	—
Other debtors	54,990,946	54,923,431	—	17,972,431
	<u>55,681,953</u>	<u>55,483,855</u>	<u>—</u>	<u>17,972,431</u>

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

17. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	193,617	223,188	–	–
Amounts owed to group undertakings	–	–	47,114,021	57,443,945
Accruals and deferred income	2,286,405	10,216,781	1,370,865	6,075,831
Corporation tax	–	1,341,872	–	–
Social security and other taxes	861,157	554,279	–	–
Director loan accounts	31,188,675	487,670	30,999,551	–
Other creditors	6,508,922	575,715	–	–
	<u>41,038,776</u>	<u>13,399,505</u>	<u>79,484,437</u>	<u>63,519,776</u>

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts owed to related parties	–	8,064,958	–	–

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £123,089 (2018: £176,502).

21. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £0.01 each	2,180,853	21,809	2,180,853	21,809
Deferred shares of £0.01 each	2	–	2	–
	<u>2,180,855</u>	<u>21,809</u>	<u>2,180,855</u>	<u>21,809</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on a winding up) rights, they do not confer any rights of redemption.

The deferred ordinary shares do not have attached to them voting, dividend nor capital distribution rights.

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

22. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Merger reserve - The balance of £21,563,753 reflects the difference on other reserves created on the merger method of accounting adopted on the business combination of Stadium Parkgate (Holdings) Limited and SPH 2011 Limited. The balance is included in "Other reserves".

Profit and loss account - This reserve records retained earnings and accumulated losses.

23. Analysis of changes in net debt

	At 1 Jan 2019 £	Cash flows £	At 31 Dec 2019 £
Cash at bank and in hand	117,237,720	(7,155,143)	110,082,577
Debt due within one year	(487,670)	(30,701,005)	(31,188,675)
Debt due after one year	(8,064,958)	8,064,958	—
	<u>108,685,092</u>	<u>(29,791,190)</u>	<u>78,893,902</u>

24. Directors' advances, credits and guarantees

As at 31 December 2019, an amount of £31,188,675 (2018 - £487,670) was owed by the group to two directors of the company. The loans were interest free and repayable on demand.

As at 31 December 2019, an amount of £30,999,551 (2018 - £nil) was owed by the company to a director of the company. The loans were interest free and repayable on demand.

SPH 2011 Limited

Notes to the financial statements *(continued)*

year ended 31st December 2019

25. Related party transactions

Company

The company has taken advantage of the exemption in FRS102 Section 33 "Related party disclosures" from disclosing transactions with other 100% subsidiaries of the group headed by SPH 2011 Limited.

The group, in the normal course of business, receives loans from, and extends loans to related parties. The amounts outstanding as at 31 December 2019 are shown below.

Group

Debtors due within one year:

	2019 £	2018 £
Stadium Retail (Holdings) Limited	<u>3,352,566</u>	<u>–</u>

Debtors due within more than one year:

	2019 £	2018 £
Duchy Homes Limited	<u>54,989,947</u>	<u>–</u>

Creditors due after more than one year:

	2019 £	2018 £
The Eagle Settlement	–	900,000
The Robin Settlement	–	1,000,000
Welton Grange Pension Scheme	–	6,164,959
	<u>–</u>	<u>8,064,959</u>

During the year interest was charged/ (received) as follows:

	2019 £	2018 £
Stadium Retail (Holdings) Limited	(50,368)	–
Duchy Homes Limited	(2,901,313)	–
Welton Group Pension Scheme	18,493	322,521
The Robin Settlement	13,353	60,714
The Eagle Settlement	13,315	57,237
	<u>(2,906,520)</u>	<u>440,472</u>

Company only

There were no transactions with non-group companies made by the company in the period except for transactions with directors already disclosed.

26. Events after the end of the reporting period

In early 2020, Covid-19 (Coronavirus) impacted a significant number of countries globally and was declared a pandemic. As a result of the Covid-19 pandemic, there has been disruption to economic activity which has been reflected in fluctuations in investment properties, global stock markets and investments made in these.

The directors consider the pandemic to be a non-adjusting post balance sheet event and given the inherent uncertainties with the investment value movements it is not practicable at this time to provide a quantitative estimate of the impact of Covid-19 on the net assets of the group.