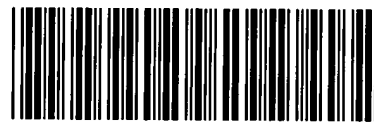


Company Number: 07640912 (England & Wales)

**INNOVATION CITY (LONDON)
LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED
31 MARCH 2021**

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INNOVATION CITY (LONDON) LIMITED

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INNOVATION CITY (LONDON) LIMITED

COMPANY INFORMATION

Directors	DV4 Administration Limited P J Goswell J W J Ritblat
Registered number	07640912
Registered office	6th Floor Lansdowne House Berkeley Square London W1J 6ER
Independent auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

INNOVATION CITY (LONDON) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their strategic report for the year ended 31 March 2021.

Principal activities

The principal activity of the Company is the development of property for investment purposes.

During the year the Company incurred costs of £3.5m (2020 - £2.8m) in relation to the development of the former Broadcast Centre and Press Centre at Queen Elizabeth Olympic Park in London. These were mainly financed by interest free loans from parent undertakings. Turnover for the year includes rent of £17.2m (2020 - £16.6m).

Results and dividends

The profit (2020 - loss) for the year amounted to £50.3m (2020 - £11.6m).

The directors are unable to recommend payment of an ordinary dividend (2020 - £nil).

The company's key performance indicators are:

	31 March 2021 £	31 March 2020 £
Profit/(loss) for the year	50,309,808	(11,608,984)
Fair value of investment property	409,800,000	343,200,000
Net assets	129,284,688	78,974,880

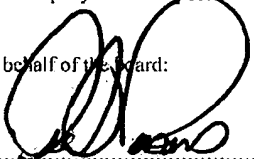
Principal risks and uncertainties

The Company's strategic aim is to create an innovation and enterprise centre on the Queen Elizabeth Olympic Park. The principal risks and uncertainties on the project relate to the successful letting of the space. These continuing risks are mitigated by the experience of the property advisors, the significant level of pre-lets and the quality of the asset.

The Company has treasury and liquidity management procedures in place appropriate to the size and complexity of the business. The Company has bank borrowings, the interest of which is linked to LIBOR. The Company has entered into an interest rate swap agreement in relation to its bank borrowings, to mitigate the interest rate risk.

The Company has no exposure to exchange rate risk and has not entered into any foreign currency hedging arrangements.

On behalf of the Board:


for and on behalf of DV4 Administration Limited
Director: Andrew Parsons

Date: September 22, 2021

INNOVATION CITY (LONDON) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to 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.

Directors

The directors who served during the year were:

DV4 Administration Limited
P J Goswell
J W J Ritblat
T Haden-Scott (resigned 30 June 2020)

INNOVATION CITY (LONDON) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Going concern

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the directors have taken into account the following:

- The Company had net current liabilities of £67,143,663 and total net assets of £129,446,688 as at 31 March 2021.
- The ultimate parent company has undertaken to continue to provide such financial support as the Company may require for a period of at least twelve months from the date these financial statements were approved.

In preparing the assessment, the directors have considered downside factors, including losses from operating leases/activities and changes in fair value of investment properties. Management continue to monitor the Covid-19 situation as it develops and has taken several measures to protect its cash flow. The directors have considered the bank loan due for repayment in May 2022. The directors have the option to extend the repayment to May 2023 and have considered this is in their going concern assessment of the company.

Given the significant impact of Covid-19 on the macro-economic conditions in which the Company is operating, the directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2021.

The Company's going concern assessment covers the period of at least twelve months from the date of authorisation of these financial statements and takes into account the Company's budgeted income and expenditure over the period. In preparing the assessment, the directors have considered downside factors, including losses from operating leases/activities and changes in fair value of investment properties. Management continue to monitor the Covid-19 situation as it develops and has taken several measures to protect its cash flows. The directors have considered the bank loan due for repayment in May 2022. The directors have the option to extend the repayment to May 2023 and have considered this is in their going concern assessment of the company.

The ultimate parent company, DV4 Limited, has agreed to provide continued financial support to the Company for the foreseeable future to meet its obligations as and when they fall due, at least until 30 September 2022, to the extent that the Company is unable to meet its liabilities.

Taking into account the position of the ultimate parent company, and their assessment of Covid-19, the directors are of the view, to the best of their current knowledge, that DV4 Limited will be able to financially support the Company for the foreseeable future and Covid-19 will not have a material adverse impact on the Company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial instruments

Please refer to the strategic report for an assessment of the risks associated with the Company's financial instruments.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obligated to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.


Auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General meeting for reappointment of Ernst & Young LLP as auditor of the Company.

INNOVATION CITY (LONDON) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

On behalf of the board.



.....
for and on behalf of DV4 Administration Limited
Director: Andrew Parsons

Date: September 22, 2021

INNOVATION CITY (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATION CITY (LONDON) LIMITED

Opinion

We have audited the financial statements of Innovation City (London) Limited (the 'Company') for the year ended 31 March 2021, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of cash flows, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1-18, 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, 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 Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and our applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 of the company's ability to continue as a going concern for a period to 30 September 2022 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 report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 audit or otherwise appears to materially misstate. 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 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.

INNOVATION CITY (LONDON) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNOVATION CITY (LONDON) LIMITED
(CONTINUED)**

Opinion 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's 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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

INNOVATION CITY (LONDON) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNOVATION CITY (LONDON) LIMITED
(CONTINUED)**

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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that related to the reporting framework (UK GAAP).
- We understood how the Company is complying with this framework by making enquiries of management to understand how the Company maintains and communicated its policies and procedures in this area and corroborated this by reviewing supporting documentation and evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of controls. Additionally, we held meetings with management to understand where they considered there was susceptibility to fraud, and assessed the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- Based on this understanding we designed our audit procedures to identify non-compliance with legal and regulatory frameworks. Our procedures involved enquiries of management and legal counsel and we tested specific transactions to source documentation, including assessing appropriate authorization of the transaction and segregation of duties. We also performed journal entries testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INNOVATION CITY (LONDON) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNOVATION CITY (LONDON) LIMITED
(CONTINUED)**

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.

DocuSigned by:



.....
Daniel Saunders
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: **September 23, 2021**
.....

INNOVATION CITY (LONDON) LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	2.4	25,128,971	23,881,090
Cost of sales		(11,847,194)	(11,259,811)
Gross profit		13,281,777	12,621,279
Administrative expenses		(4,708,622)	(6,146,458)
Valuation gains/(losses) from property	7	59,957,463	(7,125,469)
Operating profit/(loss)	3	68,530,618	(650,648)
Fair value movement on interest rate swap		(14,829)	(1,302,356)
Amounts written off investments		-	(1)
Other interest receivable and similar income		1,070	4,571
Interest payable and similar expenses	4	(7,920,303)	(8,898,949)
Accrued income written back		-	(80,605)
Profit/(loss) on ordinary activities before taxation		60,596,556	(10,927,988)
Taxation	5	(10,286,748)	(680,996)
Profit/(loss) for the year		50,309,808	(11,608,984)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Profit/(loss) for the financial year	50,309,808	(11,608,984)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	50,309,808	(11,608,984)

All amounts relate to continuing activities.

The notes on pages 14 to 23 form part of these financial statements.

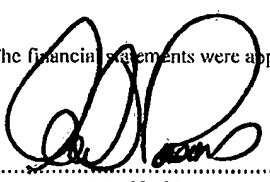
INNOVATION CITY (LONDON) LIMITED

Registered number: 07640912 (England & Wales)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Investment property	7	381,311,852	317,875,154
		<u>381,311,852</u>	<u>317,875,154</u>
Current assets			
Debtors	8	42,981,094	38,489,318
Cash at bank and in hand		3,649,746	9,732,180
		<u>46,630,840</u>	<u>48,221,498</u>
Creditors: amounts falling due within one year	10	(113,774,503)	(143,993,153)
Net current liabilities		<u>(67,143,663)</u>	<u>(95,771,655)</u>
Creditors: amounts falling due after more than one year	11	(159,453,002)	(128,957,585)
Provisions for liabilities and charges	6	(25,430,499)	(14,171,034)
Net assets		<u>129,284,688</u>	<u>78,974,880</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account		129,283,688	78,973,880
		<u>129,284,688</u>	<u>78,974,880</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
for and on behalf of DV4 Administration Limited
Director: Andrew Parsons

Date: September 27, 2021

The notes on pages 14 to 23 form part of these financial statements.

INNOVATION CITY (LONDON) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	1,000	90,582,864	90,583,864
Loss for the year	-	(11,608,984)	(11,608,984)
At 1 April 2020	1,000	78,973,880	78,974,880
Profit for the year	-	50,309,808	50,309,808
At 31 March 2021	1,000	129,283,688	129,284,688

The notes on pages 14 to 23 form part of these financial statements.

INNOVATION CITY (LONDON) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	50,309,808	(11,608,984)
Adjustments for:		
Interest paid	7,920,303	8,898,949
Interest received	(1,070)	(4,571)
Taxation charge	11,259,465	1,123,357
Increase in debtors	(4,491,776)	(9,767,160)
(Decrease)/increase in creditors	(14,927)	3,060,490
Net fair value (gains)/losses recognised in P&I.	(59,942,634)	8,427,825
Net cash generated from operating activities	5,039,169	129,906
Cash flows from investing activities		
Investment property additions	(3,479,235)	(5,424,883)
Interest received	1,070	4,571
Net cash used in investing activities	(3,478,165)	(5,420,312)
Cash flows from financing activities		
Repayment of loans and borrowings	(30,470,760)	(90,480,924)
New loans obtained in the year	30,232,656	106,440,135
Interest paid	(7,405,334)	(7,332,954)
Net cash (used in)/generated from financing activities	(7,643,438)	8,626,257
Net (decrease)/increase in cash and cash equivalents	(6,082,434)	3,335,851
Cash and cash equivalents at beginning of year	9,732,180	6,396,329
Cash and cash equivalents at the end of year	3,649,746	9,732,180
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,649,746	9,732,180

The notes on pages 14 to 23 form part of these financial statements.

INNOVATION CITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Innovation City (London) Limited is a private Company, limited by share capital and incorporated in England and Wales, registered number 07640912. The address of the registered office is 6th Floor Lansdowne House, Berkeley Square, London W1J 6ER.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Accounting convention

The financial statements are prepared under the historical cost convention, except for the revaluation of investment properties.

2.3 Going concern

The financial statements have been prepared on a going concern basis. In considering whether this is appropriate, the directors have taken into account the following:

- The Company had net current liabilities of £67,143,663 and total net assets of £129,446,688 as at 31 March 2021.
- The ultimate parent Company has undertaken to continue to provide such financial support as the Company may require for a period of at least twelve months from the date these financial statement were approved.

In preparing the assessment, the directors have considered downside factors, including losses from operating leases/activities and changes in fair value of investment properties. Management continue to monitor the Covid-19 situation as it develops and has taken several measures to protect its cash flow. The directors have considered the bank loan due for repayment in May 2022. The directors have the option to extend the repayment to May 2023 and have considered this is in their going concern assessment of the company.

Given the significant impact of Covid-19 on the macro-economic conditions in which the Company is operating, the directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2021.

The Company's going concern assessment covers the period of at least twelve months from the date of authorisation of these financial statements and takes into account the Company's budgeted income and expenditure over the period. In preparing the assessment, the directors have considered downside factors, including losses from operating leases/activities and changes in fair value of investment properties. Management continue to monitor the Covid-19 situation as it develops and has taken several measures to protect its cash flows.

The ultimate parent Company, DV4 Limited, has agreed to provide continued financial support to the Company for the foreseeable future to meet its obligations as and when they fall due, at least until 30 September 2022, to the extent that the Company is unable to meet its liabilities.

INNOVATION CITY (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.3 Going concern (continued)

Taking into account the position of the ultimate parent Company, and their assessment of Covid-19, the directors are of the view, to the best of their current knowledge, that DV4 Limited will be able to financially support the Company for the foreseeable future and Covid-19 will not have a material adverse impact on the Company and the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Turnover

Turnover comprises service charges and rent received from properties and is recognised on a straight line basis over the lease term. All turnover arises in the UK. Lease incentives are recognised over the lease term on a straight line basis.

2.5 Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total profit that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the 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 statement of financial position date.

2.6 Investment properties

Investment properties are revalued annually on an open market basis by the directors, having had reference to valuations carried out by appropriately qualified independent valuers. Any revaluation surplus or deficit arising is recognised in the Income Statement. No depreciation or amortisation is provided in respect of investment properties.

2.7 Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price.

2.8 Interest rate swaps

Interest rate swaps are measured at fair value, with any fair value gains or losses arising recognised in the Income Statement.

2.9 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than three months.

INNOVATION CITY (LONDON) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021****2. Accounting policies (continued)****2.10 Bank loans**

Bank loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Loan notes

Loan notes are initially recorded at the present value of future payments, discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

2.12 Significant accounting estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Valuation of property

The fair value of investment property (note 7) is determined by professional external valuers using recognised valuation techniques.

The determination of the fair value of investment property requires the use of estimates such as future cashflows from the asset (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and overall repair and condition of the property) and the discount rates applicable to the asset. Future revenue streams, inter alia, comprise contracted rent (passing rent) and estimated rental income (ERV) after the contract period. In estimating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting date.

3. Operating profit

The Company's operating profit (2020 - loss) is stated after charging an audit fee of £20,443 (2020 - £17,333).

4. Interest payable and similar charges

	2021 £	2020 £
Interest on bank loan	7,343,199	6,950,941
Unwinding of discount on deep discount bonds	-	1,077,723
Other interest	313	-
Commitment fees and amortisation of finance costs	576,791	870,285
	<u>7,920,303</u>	<u>8,898,949</u>

INNOVATION CITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Taxation

	2021 £	2020 £
(a) Analysis of tax charge on profit/(loss) on ordinary activities		
Current tax		
Group relief (receipts)/payments - in relation to prior periods	(80,881)	475,035
Group relief receipts - in relation to current period	(891,836)	(917,396)
UK Corporation tax credit	<u>(972,717)</u>	<u>(442,361)</u>
Deferred tax		
Origination and reversal of timing differences	11,259,465	1,123,357
Total deferred tax charge	<u>11,259,465</u>	<u>1,123,357</u>
Tax on profit/(loss) on ordinary activities	<u>10,286,748</u>	<u>680,996</u>
	2021 £	2020 £
(b) Factors affecting tax charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>60,596,556</u>	<u>(10,927,988)</u>
Profit/(loss) on ordinary activities before taxation multiplied by the main rate of UK Corporation tax of 19% (2020 - 19%)	11,513,346	(2,076,318)
Effects of:		
Not deductible expenses	69,318	780,430
Group relief	(80,881)	475,035
Overprovision of deferred tax in prior years	(692,535)	-
Deferred tax adjustments	(522,500)	(33,172)
Effect of different rates of tax	-	1,535,021
Total tax charge for the year	<u>10,286,748</u>	<u>680,996</u>

Factors that may affect future tax charges

The deferred tax assets and liabilities reflect the rate substantively enacted at the balance sheet date of 19% (2020 - 19%). In the Budget 2021, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2021 and 2022 would remain at 19%. From 1 April 2023 corporation tax will increase to 25%. This rate has not been substantively enacted at the balance sheet date.

INNOVATION CITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6. Deferred tax liability

	2021 £	2020 £
Deferred tax liability brought forward	(14,171,034)	(13,047,677)
Deferred tax charged to the Income Statement	(11,259,465)	(1,123,357)
Deferred tax liability carried forward	(25,430,499)	(14,171,034)

The deferred tax liability comprises:

	2021 £	2020 £
Revaluation of investment property to fair value	44,798,254	33,375,526
Unutilised losses and other temporary differences	(7,392,282)	(8,983,278)
Other tax credits	(11,937,472)	(10,221,215)
Closing balance	25,468,500	14,171,033

INNOVATION CITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

7. Investment property

	£
At 1 April 2020	317,875,154
Additions	3,479,235
Revaluation	59,957,463
At 31 March 2021	<u>381,311,852</u>

Reconciliation of fair value at 31 March 2021

Fair value	409,800,000
Lease incentives	(28,488,148)
Net book value	<u>381,311,852</u>

Reconciliation of fair value at 31 March 2020

Fair value	343,200,000
Lease incentives	(25,324,846)
Net book value	<u>317,875,154</u>

Valuation methodology

The valuations were undertaken in accordance with RICS Valuation Standards, Sixth Edition in the United Kingdom by CB Richard Ellis, who are qualified for the purpose of the valuation in accordance with the RICS valuation standard.

The most recent valuation of the Company's property was at 31 March 2021, based on the following:

- information provided by management including confidential rent rolls, expected vacancy, break options, expiry dates, lease incentives, service charges, capital expenditure, costs to complete and expected rental income on unlet units; and
- market assumptions derived from their own independent assessment and market observations.

Key unobservable inputs into valuation are the expected rental income and the equivalent yields and cost per square foot.

INNOVATION CITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**8. Debtors**

	2021 £	2020 £
Trade debtors	5,087,095	6,315,361
Amounts due from group undertakings	5,887,777	4,915,060
Other debtors	13,516	23,713
Prepayments and accrued income	31,992,706	27,235,184
	<u>42,981,094</u>	<u>38,489,318</u>

Amounts due from group undertakings are interest free and repayable on demand.

9. Cash at bank and in hand

Cash at bank and in hand for the Company includes an amount of £3,131,688 (2020 - £8,821,568), which is not freely available for use until certain conditions are met by the Company.

10. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	749,024	1,639,221
Amounts due to parent undertakings	104,022,121	134,260,225
Other creditors	2,092,087	2,172,031
Accruals and deferred income	5,447,601	4,472,835
Derivatives financial instruments	1,463,670	1,448,841
	<u>113,774,503</u>	<u>143,993,153</u>

The amounts due to parent undertakings is repayable on demand and bears no interest.

INNOVATION CITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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

	2021 £	2020 £
Bank loans	160,000,000	130,000,000
Less: unamortised finance costs	(546,998)	(1,042,415)
	<u>159,453,002</u>	<u>128,957,585</u>

The bank loan is repayable in May 2022 with an option to extend to May 2023, which is under the company's control, and bears interest at LIBOR plus 4.5%. It is secured by way of fixed and floating charges over the assets of the Group. The Company has entered into an interest rate swap agreement on £114.5m of the bank loan, swapping the variable LIBOR interest rate for a fixed interest rate of 0.95%. In the prior year the Company entered into an additional interest rate swap agreement of £15.5m of the bank loan, swapping the variable LIBOR interest rate for a fixed rate of 0.72%.

12. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100,000 (2020 - 100,000) ordinary shares shares of £0.01 each	<u>1,000</u>	<u>1,000</u>

13. Employees

The average monthly number of employees, including directors, during the year was:

	2021 No.	2020 No.
Administrative	<u>2</u>	<u>3</u>

The directors did not receive emoluments or fees from the Company for their duties as directors during the current year (2020 - £nil).

INNOVATION CITY (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**14. Future minimum lease receipts due under non-cancellable operating leases**

	2021 £	2020 £
The future minimum lease receipts are as follows:		
Due not later than one year	16,881,929	14,393,190
Later than one year and not later than five years	58,358,365	57,649,800
Later than five years	558,916,733	579,287,962
	<u>634,157,027</u>	<u>651,330,952</u>

15. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at amortised cost	<u>41,570,284</u>	<u>37,794,683</u>
Financial liabilities		
Financial liabilities measured at fair value through profit and loss	(1,463,670)	(1,448,841)
Financial liabilities measured at amortised cost	<u>(268,317,055)</u>	<u>(268,936,575)</u>
	<u>(269,780,725)</u>	<u>(270,385,416)</u>

16. Related party transactions

During the year, the Company received £2,171,870 (2020 - £2,062,526) of rental, insurance and service charge income for the year, from a Company under common control. As at 31 March 2021, the balance due to the Company under common control is £nil (2020 - £nil). Key management personnel compensation for the year, paid by a Company under common control and recharged by way of management charges, totalled £525,000 (2020 - £570,000).

The Company has taken advantage of the exemption provided in FRS 102 from disclosing transactions with members of the same group that are wholly owned.

17. Controlling party and parent undertaking

The Company's immediate parent undertaking is DV4 Properties iCity Co. Limited and the ultimate parent undertaking and controlling party is DV4 Limited. DV4 Properties iCity Co. Limited and DV4 Limited are registered and incorporated in the British Virgin Islands. DV4 Limited is the parent Company of the largest group of which the Company is a member and for which group financial statements are prepared.

INNOVATION CITY (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

18. Capital commitments

At the date of the Statement of Financial Position the Company had identified capital commitments amounting to £377,892 (2020 - £527,518).