

Get Living London EV N14 Limited

Annual report and financial statements

For the year ended 31 March 2020

Company Registration No. 08613984

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Get Living London EV N14 Limited

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31 March 2020*

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Get Living London EV N14 Limited

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Company Information

Directors

Rick De Blaby

Gregory John Hyatt

Registered office

6th Floor Lansdowne House
Berkeley Square
London
W1J 6ER
United Kingdom

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF
United Kingdom

Get Living London EV N14 Limited

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Directors' Report

The Directors present the annual report and the audited financial statements for the year ended 31 March 2020.

Directors

The Directors who served during the year, and at the date of this report were:

- Rick De Blaby (appointed 21 August 2020)
- Gregory John Hyatt (appointed 21 August 2020)
- DV4 Administration Limited (appointed 18 July 2019, resigned 21 August 2020)
- Jeremy Martin Holmes (resigned 18 July 2019)
- Abdulla Al-Ajail (resigned 18 July 2019)
- Stafford Murray Lancaster (resigned 18 July 2019)
- James William Jeremy Ritblat (resigned 18 July 2019)
- Gawain Sydney Edward Smart (resigned 18 July 2019)
- Ann Hodgetts (appointed 18 July 2019, resigned 21 August 2020)
- Mabel Tan (resigned 21 August 2020)
- Mashood Ashraf (appointed 18 July 2019, resigned 21 August 2020)

Principal activities

The Company is incorporated and registered in the United Kingdom under the Companies Act 2006 as a private company limited by shares. The principal activity of the Company is the letting of investment property at East Village, London E20 to private residential tenants.

Results and dividends

The result for the year amounted to £1.3m loss (2019: £nil profit) before tax and £1.3m loss (2019: £1.4m profit) after tax.

The Directors do not recommend payment of an ordinary dividend for the year (2019: £nil).

Principal risks and uncertainties

The Company's activities expose it to a number of risks, both business and financial, principally the impact of changes in political policy regarding Build to Rent (BtR) homes, the potential impact of competition and interruptions due to development activities, and potential lack of customer satisfaction leading to levels of 'resident churn' at higher than anticipated rates.

These risks are mitigated by management by ensuring regular communication to residents regarding developments, investment in marketing campaigns to ensure a clear and competitive market position, and by developing solid relationships with political policy groups to ensure the business maintains its strong position in the sector.

Management continues to monitor the impact of the Coronavirus outbreak (COVID-19) on trading. Whilst the pandemic and its economic impact are still unfolding, key long-term market trends support the BtR sector's resilience and the Company's continued growth in London. The UK private rental sector has shown some resilience against the impact of COVID-19 with residential rent collection being much higher than other sectors.

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Directors' Report (continued)

Principal risks and uncertainties (continued)

The Company is also exposed to the following specific risks:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims to mitigate liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

The Company services the private rental property sector as it rents its investment properties to third party private residents. The private property industry is highly competitive and relies on payment of financial obligations by private individuals, whose economic circumstances can alter from time to time. If a tenant experiences financial difficulties this may result in arrears which, ultimately, are chased through a legal process which can end in repossession of the property. The Directors mitigate this risk by conducting comprehensive credit checks prior to tenancy commencement and will insist on guarantors as required. For those tenants that do not pass credit checks, the Company requires receipt of a deposit prior to tenancy commencement and will insist on guarantors as required.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company has no significant assets or liabilities denominated in currencies other than Pounds Sterling and was therefore not exposed to currency risk at the reporting date.

Interest rate risk

The Company's interest-bearing financial assets and liabilities are fixed rate instruments and therefore not exposed to interest rate risk at the reporting date.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Get Living PLC. The Directors have received confirmation that Get Living PLC will support the Company for at least one year after these financial statements are approved and signed. The Company's ability to meet its future liabilities is therefore dependent on the financial performance and position of the Group as a whole. The Directors have carried out a review, including consideration of appropriate forecasts, which indicate that the Company will have adequate resources to continue to trade for the foreseeable future based on the ongoing liquidity of the Group.

At a Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities and shareholder facilities, as well as forecast covenant compliance. Further stress testing involving downside scenarios has been carried out to ensure the Group has sufficient cash resources to continue in operation for at least the next 12 months from the date of signing these financial statements. Based on this, together with available market information and the Directors' knowledge and experience of the Company, the Directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020.

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Directors' Report (continued)

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are shown above. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' indemnity

The Company has in place appropriate Directors' and Officers' liability insurance cover in respect of potential legal action against its Directors. These indemnities are qualifying third-party indemnity provisions as defined by Section 234 of the Companies Act 2006. The indemnities were valid throughout the period and are currently valid.

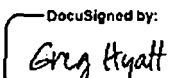
Auditors

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

Small companies' exemption

In preparing the report and financial statements, the Directors have taken advantage of the small companies' exemption provided under the Companies Act 2006. The Directors have also taken advantage of the exemption provided under Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 for the requirement to produce a Strategic Report for the year.

Approved by the Board of Directors and signed on behalf of the Board.

DocuSigned by:

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Gregory John Hyatt
Director

Date: 05 November 2020

Get Living London EV N14 Limited

*Annual report and financial statements for the year ended
31 March 2020*

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable UK 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 Company 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 period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of Get Living London EV N14 Limited

Opinion

We have audited the financial statements of Get Living London EV N14 Limited (the 'Company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 23, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the Company's affairs as at 31 March 2020 and of its loss for the year then ended; and
- ▶ 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 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 below. 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.

Emphasis of matter – Effects of COVID-19 and Material valuation uncertainty

We draw attention to note 2 of the financial statements which describes the uncertainties over the economic environment as a result of COVID-19 as highlighted by the material uncertainty paragraph included by CBRE Limited in their investment property valuation report. Additionally, we draw attention to note 2 of the financial statements which describes the appropriateness of preparing the financial statements on the going concern basis due to the continued financial support of the ultimate parent Company.

Our opinion is not modified in respect of these matters.

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 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.

Independent Auditor's Report to the Members of Get Living London EV N14 Limited (continued)

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Independent Auditor's Report to the Members of Get Living London EV N14 Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Ernst & Young LLP

Daniel Saunders (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date 9th Nov 2020

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31 March 2020*

Statement of comprehensive income

		2020	2019
	Notes	£000	£000
Rental income	5	1,951	2,122
Direct costs		(387)	(443)
Net rental profit		1,564	1,679
Administrative expenses		(190)	(201)
Valuation (loss)/gain on investment property	9	(1,125)	1,132
Operating profit	6	249	2,610
Interest payable and similar costs	7	(1,511)	(2,579)
(Loss)/profit on ordinary activities before taxation		(1,262)	31
Taxation	8	-	1,330
(Loss)/profit for the year		(1,262)	1,361
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(1,262)	1,361

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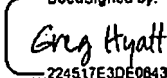
Statement of financial position

		2020	2019
	Notes	£000	£000
Fixed assets			
Investment property	9	58,609	59,669
Tangible fixed assets	10	9	15
		58,618	59,684
Current assets			
Debtors	11	1,943	1,306
		1,943	1,306
Current liabilities			
Creditors: amounts falling due with one year	12	(1,855)	(1,854)
Loans and borrowings	17	-	(24,250)
Derivative financial instruments	13	-	(117)
Finance lease	14	(72)	(72)
Net current assets/(liabilities)		16	(24,987)
Total assets less current liabilities		58,634	34,697
Non-Current liabilities			
Finance lease	14	(2,717)	(2,639)
Loans and borrowings	17	(34,167)	(5,954)
Provisions	15	-	(1,223)
Creditors: amounts falling due after more than year	16	(1,231)	-
		(38,115)	(9,816)
Net assets		20,519	24,881
Capital and reserves			
Share capital	18	-	-
Retained earnings		7,917	9,179
Other equity reserves	19	12,602	15,702
Total equity		20,519	24,881

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

The financial statements were approved by the Board of Directors for issue on 05 November 2020 and were signed on its behalf by:

DocuSigned by:


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Gregory John Hyatt

Director

Company Registration No. 08613984

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Statement of changes in equity

	Share capital	Retained earnings	Other equity reserves	Total equity
	£000	£000	£000	£000
As at 1 April 2018	-	7,818	11,331	19,149
Total comprehensive income for the year	-	1,361	-	1,361
Other equity contribution	-	-	4,371	4,371
As at 31 March 2019	-	9,179	15,702	24,881
Total comprehensive loss for the year	-	(1,262)	-	(1,262)
Return of other equity contribution	-	-	(3,100)	(3,100)
As at 31 March 2020	-	7,917	12,602	20,519

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Notes to the financial statements

1. Statement of compliance with FRS 101

These Company financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and under the historical cost convention as modified by the revaluation of investment properties measured at fair value through the statement of comprehensive income. The financial statements are prepared in accordance with the Companies Act 2006.

2. Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2020. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures - the management of financial risk disclosures including management of credit, liquidity, and market risk and interest rate sensitivity analysis;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement – disclosures around fair values of assets and liabilities;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 16, 111 and 134-136 of IAS 1 Presentation of Financial Statements – presentation of statement of cash flows, explicit and unreserved statement of compliance with IFRS as adopted by the EU and disclosures of the Company's objectives, policies and processes for managing capital;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - disclosure of new accounting standards and interpretations that have been issued but are not yet effective;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures – disclosure relating to compensation of key management personnel;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between the parent and wholly-owned subsidiaries; and
- the requirements of paragraphs 52, 89, 90 and 91 of IFRS 16 Leases.

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Notes to the financial statements (continued)**2. Basis of preparation (continued)****Going concern**

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Get Living PLC. The Directors have received confirmation that Get Living PLC will support the Company for at least one year after these financial statements are approved and signed. The Company's ability to meet its future liabilities is therefore dependent on the financial performance and position of the Group as a whole. The Directors have carried out a review, including consideration of appropriate forecasts, which indicate that the Company will have adequate resources to continue to trade for the foreseeable future based on the ongoing liquidity of the Group.

At a Group level, considerations included potential risks and uncertainties in the business, credit, market, property valuation and liquidity risks, including the availability and repayment profile of bank facilities and shareholder facilities, as well as forecast covenant compliance. Further stress testing involving downside scenarios has been carried out to ensure the Group has sufficient cash resources to continue in operation for at least the next 12 months from the date of signing these financial statements. Based on this, together with available market information and the Directors' knowledge and experience of the Company, the Directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020.

Key judgements:*Fair value of investment property*

The fair value of the Company's investment property is a key source of estimation uncertainty, however, in accordance with the accounting policy of the Company, investment property is revalued at each reporting date by the Directors after consideration of a third party assessment of the market value.

Market value is defined as the estimated amount for which a property should exchange on the date of valuation between willing buyer and seller in an arm's length transaction without compulsion. The Company considers the use of professional external valuers, in accordance with the RICS Valuation Standards, Sixth Edition in the United Kingdom sufficient to reduce but not eliminate the uncertainty.

Due to the outbreak of Covid-19, the valuations of CBRE at 31 March 2020 are reported as being subject to "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case. For valuations of institutional grade, build to rent residential property as at 11 June 2020 and subsequent dates, such references to "material valuation uncertainty" were removed from CBRE reports due to there being sufficient evidence of market activity in this asset class that the valuation uncertainty clause was no longer necessary.

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Notes to the financial statements (continued)

3. Accounting standards

a) New and amended standards and interpretations effective in the current financial period

The Company applied *IFRS 16 Leases* for the first time in the period ended 31 March 2020. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in the period ended 31 March 2020, but do not have an impact on the financial statements of the Company.

IFRS 16 Leases

The Company adopted IFRS 16 on 1 April 2019 using the modified retrospective method. The standard makes substantial changes to the recognition and measurement of leases by lessees, with the requirements for lessors substantially unchanged.

Where the Company enters a leasing arrangement as a lessee, it is required to recognise a right of use asset and corresponding lease liability under the new standard. The Company is a lessee following the historic grant of a lease of the land within the N01 plot from QDD EV N14 Limited. The right of use asset is recognised as Investment Property (see note 9), in accordance with IFRS 16 Leases. A lease liability has been recognised based on the present value of lease payments to be made over the lease term, discounted at the rate implicit in the lease.

The Company is a lessor and holds lease contracts with individual residents and retailers. Under IFRS 16, a lessor should classify a lease as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Therefore, the Company has continued to recognise lease payments from residents and retailers on a straight-line basis, which is consistent with the treatment under IAS 17 Leases.

There was no adjustment to opening retained earnings as a result of the transition and no transitional provisions were used.

Get Living London EV N14 Limited

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Notes to the financial statements (continued)

4. Summary of significant accounting policies

a) Investment property

Investment property is initially recognised at cost (including transaction costs) and subsequently measured at fair value. Gains or losses arising from changes in fair value of investment property are included in the statement of comprehensive income in the period in which they arise. No depreciation or amortisation is provided in respect of investment property.

Variable consideration relating to the purchase of a property is recognised when it is probable that the Company will be required to settle the obligation and the amount of consideration payable can be reliably estimated. When the liability is recognised it is capitalised to the cost base of the property to which it relates. Any future changes in the liability are capitalised to the cost base of the property. Refer to note 2 key judgements.

b) Revenue recognition

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the lease, in line with IFRS 16.

Rental income in the Statement of Comprehensive Income includes revenue earned from services and products provided to customers as part of the Company's all-inclusive leases. Management have performed an assessment on the terms of the all-inclusive leases and deemed the revenue allocated to additional goods and services not to be material.

c) Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax is the expected tax payable on any non-REIT taxable income for the period, using tax rates applicable at the balance sheet date, and any adjustment to tax payable in respect of previous years.

d) Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation. Depreciation of residential fixture and fittings, retail assets, and office fixtures and fittings is charged at 25% per annum on a straight line basis. Plant and machinery is depreciated between 10%-25% on cost per annum, dependent on the asset's useful life. The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may be greater than its value in use.

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Notes to the financial statements (continued)

4. Summary of significant accounting policies (continued)

e) Debtors

Debtors are initially recognised on the balance sheet at fair value when the Company has become party to the contractual provisions of the instruments.

They are subsequently carried at amortised cost using the effective interest rate method if the time value of money may have a significant impact on their value.

The Company must make judgements on the recoverability of its trade and other receivables at the reporting date and has a policy of providing for impairment based on the expected credit loss model. The Company assesses on a forward-looking basis the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. In determining the expected credit losses the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making a payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements and market expectations and trends in the wider macro-economic environment in which customers operate. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The movement in the provision is recognised in the statement of comprehensive income.

Trade receivables balances are written off when the probability of recovery is assessed as being remote.

f) Interest-bearing and profit-bearing loans

Obligations for bank loans are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and profit-bearing loans are subsequently measured at amortised cost using the effective interest method. The discount between the redeemable amount and the net proceeds is accreted over the term of the bonds and charged to the statement of comprehensive income.

g) Interest free loans

Obligations for interest free intercompany loans are recognised when the Company becomes party to the related contracts and are measured initially at the fair value represented by the present value of future cash flows discounted at market rate of interest at initial drawdown. An other equity reserve is recognised, being the difference between the fair value of the present value of future cash flows and the consideration advanced.

After initial recognition, interest free intercompany loans are subsequently measured at amortised cost using the effective interest method. The discount between the redeemable amount and the net proceeds is accreted over the term of the loan and charged to the statement of comprehensive income.

In the event of an early repayment of an interest free intercompany loan, a fair value adjustment is made to the drawdown loan balance with the corresponding adjustment made to reduce the other equity reserve.

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Notes to the financial statements (continued)**4. Summary of significant accounting policies (continued)****h) Financial Instruments: Classification and Measurement**

Trade and other receivables are classified as financial assets at amortised cost in line with IFRS 9. They are initially measured at fair value and then subsequently measured at amortised cost. Classification is determined by the nature of the cash flows of the assets and the business model in which they are held. The impairment requirements are based on a forward-looking expected credit loss (ECL) model. IFRS 9 requires the Company to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss, including lease receivables and any contract assets. The Company does not apply hedge accounting, nor does it hold any assets classified as fair value through profit and loss (FVTPL).

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings which are subsequently held at amortised cost.

i) Derivative financial instruments

The Company used a derivative financial instrument to hedge its exposure to movements in the profit-bearing loans, in the prior period. The derivative was initially recognised at fair value and subsequently re-measured to its prevailing fair value at each reporting date. Changes in the fair value of the derivative financial instrument are recognised as income or expense in the statement of comprehensive income as they arise.

The Company does not apply hedge accounting.

j) Leases*Company as lessee*

The Company applies a single recognition and measurement approach for leases, as required by IFRS 16. The Company recognises right of use assets at cost, which includes the amount of lease liability recognised, initial direct costs incurred and lease payments prior to the date of transition. Right of use assets are recognised as Investment Property (note 9) and therefore are not depreciated. A lease liability is recognised at the present value of lease payments to be made over the lease term (note 14). Interest on the lease liability is recognised within interest payable and similar costs (note 7).

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. This includes residential and retail rental contracts, with rental income being accounted for on a straight-line basis over the lease term.

k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost, except on variable consideration on property acquisitions – see policy on 'Investment Property'.

Get Living London EV N14 Limited

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Notes to the financial statements (continued)**5. Revenue**

Rental income during the year of £2.0m (2019: 2.1m) primarily arises from private tenant leases under Assured Shorthold Tenancy (AST) agreements. These lease agreements range from 1 to 3 years in tenure with a 6 month break clause on the tenant side. The terms of these tenancies are regularly reviewed by management. Rental contracts include a clause to allow the Company to seek compensation if premises are not left in good condition.

	2020	2019
	£000	£000
<i>Minimum lease receivable:</i>		
Within one year	512	678
Between one and two years	-	-
Between two and three years	-	-
Between three and four years	-	-
Between four and five years	-	-
After more than 5 years	-	-
	512	678

6. Operating profit

Operating profit is stated after charging:

	2020	2019
	£000	£000
Auditor's remuneration	4	3
Depreciation	11	28

The company had no employees during the year (2019: nil)

Directors' remuneration

The Directors of the Company are also directors of other entities controlled by the shareholders (see note 20). For the current period, the Directors received no remuneration or reimbursements from Get Living London EV N14 Limited for their services as directors of the Company.

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Notes to the financial statements (continued)**7. Interest payable and similar costs**

	2020	2019
	£000	£000
Profit payable on Murabaha loan	550	1,006
Interest payable on term loan	391	-
Change in fair value of derivatives	(117)	(213)
Interest payable on intercompany loan	-	1,313
Imputed interest charge on interest free intercompany loan	429	289
Amortised arrangement fees	42	33
Finance lease charges	148	144
Other finance cost	68	7
	1,511	2,579

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Notes to the financial statements (continued)**8. Taxation**

	2020	2019
	£000	£000
Current tax charge	-	-
Deferred tax credit	-	(1,330)
Tax credit	-	(1,330)
	2020	2019
	£000	£000
Factors affecting the tax (credit)/charge for the year:		
(Loss)/profit before taxation	(1,262)	31
(Loss)/profit before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	(240)	6
<i>Effect of:</i>		
Exempt REIT income/expense	240	-
Excess of capital allowances recognised over depreciation	-	5
Non-deductible expenses	-	(391)
Other tax adjustments	-	137
Exempt income	-	(22)
Group relief	-	265
Reversal of deferred tax liabilities following REIT conversion	-	(1,330)
Tax credit	-	(1,330)

The Company, together with other members of Get Living PLC, is subject to taxation as a Real Estate Investment Trust (REIT) for the whole year. Under the REIT regime, income from its rental business (calculated by reference to tax rather than accounting rules) and chargeable gains from the sale of its investment properties are exempt from corporation tax. The Company continues to be subject to corporation tax on any other activities. The directors expect that future profits will be derived principally from the Company's rental business so that the tax charge in future years will be minimal.

Exempt income refers to property rental income that is exempt from UK corporation tax in accordance with Part 12 of CTA 2010. In addition, no provision is made for deferred tax in relation to the revaluation of property as gains will also be exempt from UK corporation tax under Part 12 of CTA 2010.

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Notes to the financial statements (continued)**8. Taxation (continued)**

	2020	2019
	£000	£000
Deferred tax liabilities		
At 1 April	-	1,330
Credited to the statement of comprehensive income	-	(1,330)
At 31 March	-	-

No deferred tax asset has been recognised on the basis that it is not sufficiently certain that suitable taxable profits will arise against which to offset them.

9. Investment property

	2020	2019
	£000	£000
At 1 April	59,669	57,053
Fixtures and fittings	65	248
Additional acquisition costs (ODA overage – see note 15)	-	1,236
(Loss)/gain on revaluation	(1,125)	1,132
At 31 March	58,609	59,669

	2020	2019
	£000	£000
Fair value	55,820	56,958
Finance lease separately recognised (see note 14)	2,789	2,711
At 31 March	58,609	59,669

The fair value of investment property of £55.8m (2019: £57.0 m) principally includes leasehold residential property.

The fair values of these leasehold residential properties are third party valuations of the freehold site containing the property held by this Company at 31 March 2020 in accordance with RICS Valuation Standards, Sixth Edition in the United Kingdom by CBRE Limited, who are qualified for the purpose of the valuation in accordance with the RICS valuation standard (refer to note 2 key judgements for details of material uncertainty). That amount is allocated to this property based on the size of the building, less an amount, estimated by the Directors, representing the value of the head lease payments due to the head lease holder. All investment properties are held under lease agreements of 125 years.

The comparable cost of investment property determined under historical cost is £43.1m (2019: £43.0m).

The full investment property balance is a right of use asset under IFRS 16 Leases.

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Notes to the financial statements (continued)**10. Tangible fixed assets**

	Residential Fixture & Fittings	Total
	£000	£000
At Cost		
At 1 April 2018	466	466
Additions in the year	-	-
De-recognition	(416)	(416)
At 31 March 2019	50	50
Additions in the year	4	4
De-recognition	-	-
At 31 March 2020	54	54
Depreciation		
At 1 April 2018	(423)	(423)
Charge for the year	(28)	(28)
Eliminated on de-recognition	416	416
As at 31 March 2019	(35)	(35)
Charge for the year	(10)	(10)
Eliminated on de-recognition	-	-
As at 31 March 2020	(45)	(45)
Net Book value		
At 31 March 2020	9	9
At 31 March 2019	15	15

Assets which reached the end of their useful life as at 31 March 2019 were de-recognised from the fixed asset register. No gain or loss was made on de-recognition. No further assets had reached the end of their useful life during the year to 31 March 2020, therefore no assets de-recognised from the fixed asset register.

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Notes to the financial statements (continued)**11. Debtors**

	2020	2019
	£000	£000
Trade debtors	39	64
Allowance for doubtful debts	(32)	(17)
	7	47
Prepayments	2	9
Other taxes	-	-
Accrued income	-	-
Amounts due from group undertakings	1,934	1,250
	1,943	1,306

Trade debtors are unsecured, interest free and repayable on demand. Trade debtors are lease receivables due from residents. Allowance for doubtful debts was calculated using the provisions matrix in line with the expected credit loss model. Management actively seeks to collect all trade debtors.

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	1	47
Deferred income and accruals	459	258
Other creditors	65	145
Amounts due to group undertakings	1,330	1,404
	1,855	1,854

Trade creditors are non-interest bearing and are normally settled in accordance with the Company's terms of business.

Other creditors include balances held as deposits from residents.

Deferred income includes amounts received in advanced from tenants in relation of future rental amounts.

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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Notes to the financial statements (continued)**13. Derivative financial instruments**

The movement in the fair value of the derivative financial instruments is as follows:

	2020	2019
	£000	£000
At 1 April	117	331
Change in fair value of derivatives	(117)	(214)
At 31 March	-	117

The Company historically held a swap arrangement to swap the floating rate of profit payable from the Murabaha loan to a fixed rate. The swap matured in September 2019 and the loan was fully repaid in October 2019 and replaced with a fixed rate instrument.

14. Finance lease liabilities

The Company holds leasehold property that it classifies as investment property. The leases are accounted for as finance leases. These leases have lease terms of 125 years and rent increases by 33% every ten years. Future minimum lease payments under finance leases are as follows:

	2020	2019
	Gross investment £000	Gross investment £000
<i>Future minimum lease payments due:</i>		
Within one year	72	72
Between one to two years	72	72
Between two and three years	72	72
Between three and four years	78	72
Between four and five years	95	78
More than five years	78,843	76,939
	77,232	77,305
Less: finance charges allocated to future periods	(74,443)	(74,594)
Present value of minimum lease payments	2,789	2,711

The lease liability obligation of £2.8m (2019: £2.7m) represents the present value of minimum future ground rent payments using the implicit interest rate of the lease, with £0.1m (2019: £0.1m) due within 12 months and £2.7m (2019: £2.6m) due after more than 12 months.

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Notes to the financial statements (continued)**15. Provisions**

During the prior year, a settlement deed was being negotiated between the ultimate parent Get Living PLC and The Secretary of State for Digital Culture Media and Sport ("DCMS", previously the Olympic Delivery Authority) in relation to the 2011 sale and purchase agreement for SVDP Limited.

As a result, non-current provision of £1.2m was recognised in the prior year, being the amount expected to be settled by the Company on 31 March 2022 in line with deed, discounted at the government risk free rate. The discount is based on the 3-year GBP government bond rate adjusted for risk.

The settlement agreement was signed in January 2020. As the timing and amount of the payable are certain as at 31 March 2020, this amount has been reclassified to creditors falling due after more than one year (note 16).

The prior year trade and other payables balance included £0.1m accrual relating to a payment on account that was paid during the year to 31 March 2020.

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

	2020	2019
	£000	£000
ODA Liability	1,231	-

In line with the settlement agreement, the amount previously included as a provision has been reclassified as the timing and the amount payable are known (see note 15).

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Notes to the financial statements (continued)**17. Loans and borrowings**

	2020	2019
	£000	£000
Current		
Murabaha loan	-	21,238
Deferred Murabaha loan arrangement fees	-	(21)
Loan from parent	-	3,033
	-	24,250
Non-current		
Term loan	33,500	-
Deferred term loan arrangement fees	(435)	-
Loan from parent	1,102	5,954
	34,167	5,954
	34,167	30,204

On 20 September 2019, an agreement was signed for a new ten-year loan facility, which was used to repay the entire Murabaha loan balance. Interest is payable quarterly at a fixed rate of 2.332% per annum.

During the year there was a refinance of the interest free loan from the immediate parent company as part of the wider Group refinancing transaction. The loan from the immediate parent, Get Living London EV2 Holdco Limited, consists of: 1) £nil (2019: £3.0m) which is interest free and repayable on demand. 2) £1.1m (2019: £5.9m) interest free loan which is repayable on 7 November 2024. The total amount drawn is £1.6m (2019: £10m) at the balance sheet date. The loan has been fair valued at the net present value of future cash flows, using the market interest rate of 10%, with £0.9m (2019: £5.6m) recognised as loan payable and £0.7m (2019: £4.4m) as an other equity contribution (see note 19). The loan payable balance of £1.1m (2019: £5.9m) includes £0.3m (2019: £0.3m) of finance charges relating to the unwinding of the interest free loan over the loan term (see note 7).

18. Share capital

	2020	2019
	£	£
<i>Allotted, called up share capital</i>		
1 Ordinary Shares of £1 each	1	1

Holders of Ordinary Shares are entitled to one vote per share.

The shares are unpaid for current financial year and prior financial year.

The Company is authorised to issue unlimited shares.

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Notes to the financial statements (continued)**19. Other equity contribution**

	2020	2019
	£000	£000
At 1 April 2019	15,702	11,331
Other equity contribution	-	4,371
Return of other equity contribution	(3,100)	-
At 31 March 2020	<u>12,602</u>	<u>15,702</u>

The increase of £4.4m during the year to 31 March 2019 was a result of the fair value adjustment made to the interest free intercompany loan due to the parent issued during the year.

The decrease in the other equity reserve of £3.1m relates to the repayment of a fair valued interest free intercompany loan repaid during the period to 31 March 2020.

20. Related party disclosures

The Company's immediate and ultimate parent undertakings were Get Living London EV Holdco Limited and Get Living PLC respectively.

At 31 March 2020, Get Living PLC was jointly controlled as follows:

- (i) By DOOR SLP, a limited partnership registered and incorporated in Jersey; and
- (ii) By QD UK Holdings LP, a limited partnership registered and incorporated in Scotland; and
- (iii) By Stichting Depositary APG Strategic Real Estate Pool, a pension fund asset manager based in the Netherlands.

Get Living PLC is the smallest group to consolidate these financial statements.

Transactions between the Company and its fellow group entities are summarised in note 7, 11, 12, 17 and 19. The Company's finance lease liabilities are with a company under common control (see note 14).

21. Commitments

There were no commitments as at 31 March 2020 (2019: £nil).

22. Contingent liabilities

There were no contingent liabilities as at 31 March 2020 (2019: £nil).

23. Subsequent events

The COVID-19 pandemic has developed rapidly following the balance sheet date, with a significant number of infections across many countries. It has been concluded that there were no conditions at the balance sheet date that indicated any adjustment would be required to the Company's financial statements.