

ADAM Asset Management Limited

Annual report and financial statements

For the year ended 31 December 2019



ADAM Asset Management Limited
Annual report and financial statements
Year ended 31 December 2019

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Directors' report

The Directors presents their annual report and the audited financial statements for the year ended 31 December 2019.

Directors

The Directors who held office during the year and up to the date of signing the Directors' report were:

Sheikh Khalid Bin Thani Al-Thani
Sheikh Thani Abdullah Al-Thani

Post balance sheet events

During December 2019, a new virus ("Covid-19") emerged in China and infections started to occur across Asia and latterly the rest of the world. On 11 March 2020, the World Health Organisation ("WHO") declared Covid-19 a pandemic and national governments have acted to implement a range of policies and actions to combat the virus and its economic impact to national markets and the global economy. The full extent of the Covid-19 economic impact is currently uncertain and the Directors continue to closely monitor developments and their impact on the Company. Management are in close contact with all of the Company's service providers to ensure the continuity of the Company's ongoing operations, assess liquidity, tenant obligations and the basis for the values and estimates reported in the financial statements and accompanying notes. We have assessed the impact on the financial statements as at 31 December 2019 and have concluded Covid-19 to be a non-adjusting event. The valuations of investment properties as at 31 December 2019 are based on conditions that existed at this balance sheet date.

Disclosure of information to Auditor

The Directors who held office at the date of approval of this Directors' report confirmed that:

- so far as they are each aware, there are no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Strategic report

The financial statements have been prepared in accordance to the small companies' regime in accordance with the Companies Act 2006 and therefore no strategic report has been presented.

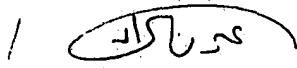
Proposed Dividend

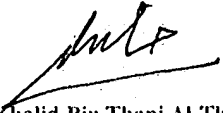
The Directors do not recommend the payment of a dividend (2018: £nil).

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

This report was approved by the Board of Directors **JUNE 11,** 2020 and signed on their behalf by:


Sheikh Khalid Bin Thani Al-Thani
Director


Sheikh Khalid Bin Thani Al-Thani
Managing Director & Board Member

ADAM Asset Management Limited
109 Baker Street
London
W1U 6RP

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Directors' report (continued)

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements for the year ended 31 December 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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Independent auditors' report to the members of ADAM Asset Management Limited

Opinion

We have audited the financial statements of ADAM Asset Management Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Directors' report

The Director is responsible for the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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Independent auditors' report to the members of ADAM Asset Management Limited
(Continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 1, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square, London, E14 5GL
Date: 15 June 2020

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Statement of comprehensive income

	Notes	2019 £'000	2018 £'000
Revenue		1,884	2,054
Cost of Sales		(736)	(927)
Gross profit		1,148	1,127
Administrative expenses	2	(1,223)	(1,225)
Operating loss		(75)	(98)
Other income	5	1	(4)
Loss on disposal of associates	8	-	(691)
Loss before tax		(74)	(793)
Taxation	6	(2)	(4)
Loss for the year		(76)	(797)

All amounts relate to continuing operations.

The notes on pages 9 to 25 form part of these financial statements.

There are no other items of comprehensive income other than those shown in the statement of profit or loss and therefore no statement of comprehensive income has been presented. The profit and total comprehensive income for the year are wholly attributable to the owners of the Company.

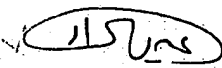
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Statement of financial position as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Property plant and equipment	7	9	22
Other receivables		380	761
		<u>389</u>	<u>783</u>
Current assets			
Trade and other receivables	9	438	660
Cash and bank balances	10	670	910
		<u>1,108</u>	<u>1,570</u>
Total Assets		<u><u>1,497</u></u>	<u><u>2,353</u></u>
Equity and Liabilities			
Equity			
Retained earnings	13	1,043	1,119
Total Equity		<u>1,043</u>	<u>1,119</u>
Non-current liabilities			
Deferred tax liabilities	12	-	2
		<u>-</u>	<u>2</u>
Current liabilities			
Trade and other payables	11	454	1,232
		<u>454</u>	<u>1,232</u>
Total Liabilities		<u>454</u>	<u>1,234</u>
Total Equity and Liabilities		<u><u>1,497</u></u>	<u><u>2,353</u></u>

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

The financial statements were approved and authorised for issue by the board on **JUNE 11, 2020** and signed on its behalf by:


Sheikh Thani Abdulla T.J. Al-Thani
Director
Company number : 09353388


Sheikh Khalid Bin Thani Al-Thani
Managing Director & Board Member

The notes on pages 9 to 21 form part of these financial statements.

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Statement of changes in equity

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	-	1,119	1,119
Loss for the financial year	-	(76)	(76)
Total comprehensive loss for the year	-	(76)	(76)
Balance at 31 December 2019	-	1,043	1,043
	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	-	1,916	1,916
Loss for the financial year	-	(797)	(797)
Total comprehensive loss for the year	-	(797)	(797)
Balance at 31 December 2018	-	1,119	1,119

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Statement of cash flows

	Notes	2019 £'000	2018 £'000
Operating activities			
Loss for the year		(76)	(797)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	7	14	23
Loss on sale of associates	8	-	691
Operating loss before working capital changes		(62)	(83)
Change in working capital:			
Changes in trade and other receivables		603	436
Changes in trade and other payables		(781)	(2,388)
		(178)	(1,952)
Net cash used in operating activities		(240)	(2,035)
Investing activities			
Acquisition of property, plant and equipment	7	-	(2)
Proceeds from sale of associate		-	1,241
Net cash from investing activities		-	1,239
Net decrease in cash and cash equivalents		(240)	(796)
Effect of exchange rate fluctuations on cash held		-	-
Cash and cash equivalents at 1 January		910	1,706
Cash and cash equivalents at 31 December 2019		670	910

ADAM Asset Management Limited
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Notes to the financial statements

1. Accounting policies

ADAM Asset Management Limited ("the Company") is a private Company incorporated, domiciled and registered in the England in the UK. The registered address is 109 Baker Street, London, W1U 6RP and the registered Company number of 09353388.

The Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board as adopted by the EU ("Adopted IFRSs").

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 17.

1.1 Measurement convention

The financial statements have been prepared under the historical cost convention, except for investment properties are measured at fair value, trade and other receivables where the time value of money is material, in which case are recognised at fair value and subsequently measured at amortised cost..

1.2 Going concern

At 31 December 2019, the Company had net assets of £1,043,000 (2018: £1,119,000). The financial statements are prepared on the going concern basis as the ultimate parent Company.

The Directors have assessed the impact of Covid-19 on the financial statements and has concluded it to be a non-adjusting event. However in concluding that this is an appropriate basis of preparation the directors have taken into consideration the significant cash balances and further funding committed by the ultimate owner. The Directors are of the opinion that, at the date of the approval of these financial statements, the Company's ability to continue as a going concern is not impacted.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

1.4 Financial instruments

Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. As the Company's rent and other trade receivables do not contain a significant financing component or for which the Company has applied the practical expedient, they are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on revenues from contracts with customers.

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Notes to the financial statements (continued)

1. Accounting policies (continued)

1.4 Financial instruments (continued)

Financial Assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss (derivative financial instruments).
- Financial assets at amortised cost (rent and other trade receivables, contract assets and cash and short-term deposits).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial assets at amortised cost

For purposes of subsequent measurement, the Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Since the Company's financial assets (rent and other trade receivables, contract assets, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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Notes to the financial statements (continued)

1. Accounting policies (continued)

1.4 Financial instruments (continued)

Financial Assets (continued)

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade and other trade receivables
- Financial instruments risk management objectives and policies

The Company recognises an allowance for expected credit losses (ECLs) for all debt instrument except those held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For rent and other trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition and measurement

The Company's financial liabilities comprise interest-bearing loans and borrowings, lease liabilities, derivative financial instruments and trade and other payables.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of IFRS 9.

All financial liabilities are recognised initially at fair value and, with the exception of derivative financial instruments, net of directly attributable transaction costs.

Subsequent measurement

For the purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derivative financial instruments are classified as financial assets at fair value through profit or loss and are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Refer to the accounting policy on lease for the subsequent measurement of finance lease liabilities, as this is not in the scope of IFRS 9. For more information on the interest-bearing loans and borrowings, refer to shareholder note.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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Notes to the financial statements (continued)

1. Accounting policies (continued)

1.4 Financial instruments (continued)

Financial Liabilities (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.5 Trade and other receivables

Trade and other receivables are recognised at their original invoiced value except where the time value of money is material, in which case receivables are recognised at fair value and subsequently measured at amortised cost. A provision is made when there is objective evidence that the Company will not be able to recover balances in full. The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

1.6 Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.8 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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Notes to the financial statements (continued)

1. Accounting policies (continued)

1.9 Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and charges the amount to the aggregated statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Company and its associates are recognised in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

1.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- fixtures and fittings - 5 years
- computers and software - 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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Notes to the financial statements (continued)

1. Accounting policies (continued)

1.11 Impairment

Non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Revenue

Revenue comprises management fees received from two fellow group companies.

1.13 Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Financing income and expenses

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

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Notes to the financial statements (continued)

1. Accounting policies (continued)

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.15 Change in accounting standards

(a) The Company has adopted the following IFRSs in these financial statements:

- IFRS 16: Leases

The adopted IFRSs effective for the financial year ending 31 December 2019 had a material impact on the Company.

(b) The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to References to the Conceptual Framework in IFRS Standards (effective date 1 January 2020)..
- Amendments to IFRS 3: Definition of a Business (effective date to be confirmed).
- Amendments to IAS 1 and IAS 8: Definition of Material (effective date 1 January 2020).
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective date to be confirmed).

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Notes to the financial statements (continued)

2. Administrative expenses

	2019 £'000	2018 £'000
Rent	120	101
Office expenses	15	37
Travel and entertaining	52	70
Legal and professional fees	893	859
IT, software & communication expenses	129	135
Depreciation of property, plant and equipment	14	23
	<u>1,223</u>	<u>1,225</u>

3. Auditors' remuneration

	2019 £'000	2018 £'000
Audit of these financial statements	8	8
Amounts receivable by the Company's auditor and its associates in respect of:		
Taxation compliance services	11	5
All other services	<u>3</u>	<u>6</u>

4. Staff number and costs

The monthly average number of persons employed by the Company during the year, analysed by category, as follows:

	2019 £'000	2018 £'000
Office staff	<u>12</u>	<u>12</u>
	<u>12</u>	<u>12</u>

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Notes to the financial statements (continued)

4. Staff number and costs (continued)

	2019 £'000	2018 £'000
Wages and salaries	674	833
Social security costs	62	94
	<u>736</u>	<u>927</u>

No Director received any remuneration for services to the Company in the year and prior year.

5. Other income

	2019 £'000	2018 £'000
Net foreign exchange gain/(loss)	-	(4)
Refund	1	-
	<u>1</u>	<u>(4)</u>

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Notes to the financial statements (continued)

6. Taxation

	2019 £'000	2018 £'000
Recognised in the income statement		
Current tax (see note below)		
UK corporation tax charge on profit for the year	15	9
Adjustments in respect of prior years	(11)	-
Total current tax	<u>4</u>	<u>9</u>
Deferred tax		
Origination and reversal of timing differences	(2)	(4)
Adjustments in respect of prior years	-	(1)
Total deferred tax (see note 12)	<u>(2)</u>	<u>(5)</u>
Total tax expense	<u><u>2</u></u>	<u><u>4</u></u>

Reconciliation of effective tax rate

The current tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Loss on ordinary activities before tax	<u>(74)</u>	<u>(793)</u>
Tax using the UK corporation tax rate at 19.00% (2018: 19%)	(14)	(150)
Expenses not deductible for tax purposes	26	157
Tax effects of amounts which are not taxable in calculating taxable income	-	(2)
Tax loss utilised	-	-
Adjustments in respect of previous years	(11)	-
Deferred tax adjustments in respect of previous years	1	(1)
Total tax expense (see note above)	<u><u>2</u></u>	<u><u>4</u></u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset/(liability) as at 31 December 2019 has been calculated on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on the 17 March 2020.

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Notes to the financial statements (continued)

7. Property, plant and equipment

	Fixtures & fittings £'000	Computers & software £'000	Total £'000
Cost			
At 1 January 2019	58	40	98
Additions	-	1	1
At 31 December 2019	58	41	99
Depreciation and impairment			
At 1 January 2019	40	36	76
Depreciation charge for the year	11	3	14
At 31 December 2019	51	39	90
Net book value			
At 31 December 2019	7	2	9
At 31 December 2018	18	4	22

8. Investment in Associates

The Company previously had investments in the following associates:

	Registered Address	Location	Class of shares held	Ownership %
Brompton Cross Construction Limited	2nd Floor Meic House, 344 Kensington High St London, W14 8NS	UK	Ordinary	49%

The carrying amounts of the investments in associates is as follows:

	2019 £'000	2018 £'000
Investment in associates (Cost)	-	1,932
Disposal	-	(1,241)
Loss on disposal	-	(691)
At 31 December	-	-

9. Trade and other receivables

	2019 £'000	2018 £'000
VAT receivable	8	8
Trade receivables	430	392
Other receivables	-	260
	438	660

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Notes to the financial statements (continued)

9. Trade and other receivables (continued)

At 31 December, the ageing of unimpaired trade receivables is as follows:

	Total £'000	Neither past due nor impaired £'000	0 - 30 days £'000	31 - 60 days £'000	61 - 90 days £'000	>90 days £'000
2019	430	-	-	430	-	-
2018*	392	-	-	392	-	-

*The amounts in the previous year have been amended to exclude the non-financial asset balances to conform to the current's year presentation.

10. Cash and bank balances

	2019 £'000	2018 £'000
Cash and cash equivalents	670	910
	<u>670</u>	<u>910</u>

11. Trade and other payables

	2019 £'000	2018 £'000
Trade payables	38	-
Payables due to related parties (Note 15)	95	829
Accruals	307	267
Corporation tax	14	136
	<u>454</u>	<u>1,232</u>

12. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2019 £'000	2018 £'000
Fixed asset temporary differences	-	2
	<u>-</u>	<u>2</u>

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Notes to the financial statements (continued)

12. Deferred tax liabilities (continued)

Movement in deferred tax during the year

	1 January 2019	Recognised in income	31 December 2019
	£'000	£'000	£'000
Fixed asset temporary differences	2	(2)	-
	<u>2</u>	<u>(2)</u>	<u>-</u>

13. Capital and reserves

	2019 £	2018 £
Share capital		
Allotted, called up and fully paid		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

14. Financial instruments

Fair values of financial instruments

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Note	Carrying amount 2019 £'000	Fair value 2019 £'000	Carrying amount 2018 £'000	Fair value 2018 £'000
Financial assets					
Bank balances	10	670	670	910	910
Receivables*	9	438	438	555	555
Total financial assets		<u>1,108</u>	<u>1,108</u>	<u>1,465</u>	<u>1,465</u>
	Note	Carrying amount 2019 £'000	Fair value 2019 £'000	Carrying amount 2018 £'000	Fair value 2018 £'000
Financial liabilities measured at amortised cost					
Payables and other liabilities*	11	454	454	1,232	1,232
Total financial liabilities		<u>454</u>	<u>454</u>	<u>1,232</u>	<u>1,232</u>

*The amounts in the previous year have been amended to exclude the non-financial asset and non-financial liability balances to conform to the current's year presentation.

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Notes to the financial statements (continued)

14. Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises solely from the Company's receivables from related parties and bank balances.

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	2019 £'000	2018 £'000
Cash and bank balances	670	910
	<u>670</u>	<u>910</u>

The Company monitors its exposure to credit risk on an on-going basis and based on the management's assessment and historic default rates, the group believes that an impairment allowance of £nil (2018: £nil) is sufficient against financial assets as at the reporting date. Financial assets include certain balances that are overdue but in management's view are not impaired as at the reporting date.

The Company reduces the exposure of credit risk arising from bank balances by maintaining bank accounts in a reputed bank.

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's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of its own reserves and bank facilities. The Company's terms of revenue require amounts to be collected within 30 days from the invoiced date.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

2019	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Payables and other liabilities	454	454	454	-	-	-
	<u>454</u>	<u>454</u>	<u>454</u>	<u>-</u>	<u>-</u>	<u>-</u>

*The amounts in the previous year have been amended to exclude the non-financial liability balances to conform to the current's year presentation.

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Notes to the financial statements (continued)

14. Financial instruments (continued)

2018	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Payables and other liabilities*	1,232	1,232	1,232	-	-	-
	<u>1,232</u>	<u>1,232</u>	<u>1,232</u>	<u>-</u>	<u>-</u>	<u>-</u>

*The amounts in the previous year have been amended to exclude the non-financial liability balances to conform to the current's year presentation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The exposure of the Company to foreign currency risk is significantly reduced, since almost all of the Company's transactions are denominated in pound sterling.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. Capital consists of share capital, share premium and retained earnings. The board of Directors monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity.

The Company's main objectives when managing capital are:

- to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to the shareholder by pricing products and services commensurately with the level of risk; and
- to remain within the group's quantitative banking covenants and maintain good risk grade.

Further, the board seeks to maintain a balance between higher targeted returns that might be possible with higher levels of financing, and the advantages and security afforded by the strong capital position of the group.

15. Related parties

Identity of related parties with which the Company has transacted

None of the following balances owed to or from the Company bear interest.

As at the balance sheet date the Company owed £73,358 (2018: £807,746) to Duwaliya UK Real Estate Holding Ltd, who are also controlled by the Company's ultimate controlling party, Sheikh Thani Abdulla T.J Al-Thani.

As at the balance sheet date the Company was owed £nil (2018: £nil) from Duwaliya UK Real Estate Holding Ltd. As at the balance sheet date the Company owed £20,784 (2018: £20,784) to 109 Baker Street Ltd,. This entity is controlled by the Company's ultimate controlling party, Sheikh Thani Abdulla T.J Al-Thani.

As at the balance sheet date the Company owed £nil (2018: £nil) to Chiswick High Ltd,. This entity is controlled by the Company's ultimate controlling party, Sheikh Thani Abdulla T.J Al-Thani..

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Notes to the financial statements (continued)

15. Related parties (continued)

Identity of related parties with which the Company has transacted (continued)

During the year, management fee income of £81,250 (2018: £83,887) was invoiced to Al Duwaliya US Real Estate Inc '1575', £99,499 (2018: £101,140) was invoiced to 250 West, 39th Street Inc., £135,680 (2018: £140,088) was invoiced to Al Duwaliya Hospitality Company Inc., £51,848 (2018: £53,375) was invoiced to Al Duwaliya Hospitality WDC 1, Inc., £112,456 (2018: £114,956) was invoiced to 1025 Thomas Jefferson, Inc., £29,849 (2018: £29,936) was invoiced to 311 Summer Avenue Inc., £48,682 (2018: £51,155) was invoiced to 1155 Connecticut Avenue Inc., £24,346 (2018: £nil) was invoiced to 234 West, 39th Street Inc., £34,996 (2018: £nil) was invoiced to 142 West, 36th Street Property Inc., £6,907 (2018: £nil) was invoiced to 101 Summer Street Inc., £12,992 (2018: £nil) was invoiced to 99 Chauncy Street Inc. These combined balances are shown within trade and other receivables as at the balance sheet date. All of these entities are also controlled by the Company's ultimate controlling party, Sheikh Thani Abdulla T.J Al-Thani.

Transactions with key management personnel

As at the balance sheet date the Company was owed £nil (2018: £324) for disbursements and property management expenses by Sheikh Thani Abdulla T.J Al-Thani, the Company's ultimate controlling party. During the year, property management income of £nil (2018: £nil) was invoiced to Sheikh Thani Abdulla T.J Al-Thani.

As at the balance sheet date the Company was owed £527 (2018: £nil) for disbursements and property management expenses by Sheikh Khalid Bin Thani Al-Thani, the Company's Director. During the year, property management income of £nil (2018: £nil) was invoiced to Sheikh Khalid Bin Thani Al-Thani.

As at the balance sheet date the Company was owed £nil (2018: £185,459) for disbursements and property management expenses by Sheikh Abdullah Bin Thani Al-Thani, the son of the Company's ultimate controlling party Sheikh Thani Abdulla T.J Al-Thani. During the year, property management income of £nil (2018: £nil) was invoiced to Sheikh Thani Abdulla T.J Al-Thani.

As at the balance sheet date the Company was owed £nil (2018: £nil) for disbursements and property management expenses by Ali Al-Hashemi, the Company's Director who resigned during the year. During the year, property management income of £nil (2018: £nil) was invoiced to Ali Al-Hashemi.

16. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Al Duwaliya Asset Management Ltd, a Company registered in the British Virgin Islands. The ultimate controlling party is Sheikh Thani Abdulla T.J Al-Thani, who owns 100% of the share capital in Al Duwaliya Asset Management Ltd. No group financial statements include the results of the Company.

17. Accounting estimates and judgements

In preparing these financial statements, the Directors don't consider that they have made any accounting estimates or judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

18. Subsequent events

During December 2019, a new virus ("Covid-19") emerged in China and infections started to occur across Asia and latterly the rest of the world. On 11 March 2020, the World Health Organisation ("WHO") declared Covid-19 a pandemic and national governments have acted to implement a range of policies and actions to combat the virus and its economic impact to national markets and the global economy.

The full extent of the Covid-19 economic impact is currently uncertain and the Directors continue to closely monitor developments and their impact on the Company. Management are in close contact with all of the Company's service providers to ensure the continuity of the Company's ongoing operations, assess liquidity, tenant obligations and the basis for the values and estimates reported in the financial statements and accompanying notes.

We have assessed the impact on the financial statements as at 31 December 2019 and have concluded Covid-19 to be a non-adjusting event. The valuations of investment properties as at 31 December 2019 are based on conditions that existed at this balance sheet date.

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Notes to the financial statements (continued)

19. Comparative information

Certain amounts in the previous year's financial statements have been reclassified to conform to the current year's financial statements presentation. Such reclassification, however, did not impact the reported profit or equity in the previous year.