Parent for:
9396359

Company registration Number: 07831810

High Street GRP Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2018

Contents

HIGH STREET GRP LIMITED

Company Information

Director	Mr G R Forrest
Company number	07831810
Registered office	6th Floor, Stockbridge House Trinity Gardens Newcastle upon Tyne NE1 2HJ
Independent Auditors	Haines Watts Chartered Accountants and Statutory Auditors Northern Assurance Buildings Albert Square 9/21 Princess Street Manchester M2 4DN
Bankers	Lloyds Bank 102 Grey Street Newcastle upon Tyne NE99 1SL

HIGH STREET GRP LIMITED

Strategic Report

Year ended 31 December 2018

High Street Group ("HSG") consists of a Group of companies involved in the build to rent, property development and hospitality businesses.

The director of High Street GRP Limited takes pleasure in presenting his strategic report for the year ended 31 December 2018. In preparing this strategic report, the directors have complied with s.414C of the Companies Act 2006. This report has been prepared for the Group as a whole.

Overview Headlines

- Gross Development Value (GDV) of projects ongoing £357m (2017: £79m);
- Work in progress increased to £58.5m (2017: £22.1m);
- External borrowing increased to £91.4m (2017: £53.9m);
- Group revenue increased to £18.1m (2017: £17.0m);
- Number of hospitality venues increased to four (2017: two);
- Number of employees increased to 234 (2017: 70).

The Group is determined to grow even further, and during 2018 have increased market presence in all sectors. *The build to rent sector has an established pipeline of schemes to ensure that the target* turnover of £400m is hit within three years.

Key Performance Indicators

Management consider the following key performance indicators for the business:

	2018	2017
GDV of ongoing projects (£)	£357m	£79m
EBITDA (£)	(£0.9m)	(£17.5m)
WIP (£)	£58.5m	£22.1m
Net current assets / liabilities	£16.0m	(£41.9m)
Net liabilities (£)	(£9.1m)	(£34.5m)

Business Review

The Group's stated losses before tax reflect the accounting treatment of work in progress and the valuation of its assets under IFRS. Gross Development Value (GDV) indicates the expected contracted sales value in hand for the Group and is therefore considered by management a key performance indicator.

During 2018, schemes on site included our original scheme in Milton Keynes sold to Grainger, providing £8.1m of turnover in the year. A second forward funded development, sold to Cording contributed £3.5m of turnover. Costs to date of £24.0m incurred on sites being sold to individual investors are shown within work in progress. The Group acquired £30.6m of land during the year, just over half of which relates to one Birmingham scheme which has been sold to Invesco Real Estate, on a forward fund arrangement in 2019. The Group obtained external finance to fund these acquisitions, and at 31 December 2018, there were £16.5m of loans outstanding, £12.5m being repaid on the sale of Holloway Head to Invesco Real Estate and £4.0m being refinanced into a development financing arrangement on Westminster Works in Birmingham.

The Hospitality business continued with its strategy to acquire distressed assets during 2018, acquiring The Parkmore Hotel in Yarm for £1.9m and The Sea Hotel in South Shields for £1.2m. Both assets required investment in both the food and beverage venues as well as bedrooms. This investment has taken place during 2019. The purchases were made with bridge funding. The strategy is to refinance both hotels once the refurbishment works are completed. The refurbishment works were funded from Group resources.

Turnover from hospitality increased in 2018 to £1.8m from £0.6m in 2017. The team implemented a number of initiatives to increase footfall and profitability in each venue and that, coupled with the continuing establishment of our food and beverage ("F&B") brands, has had a positive impact on the trading performance.

The property development business, delivered by All Saints Construction endured a difficult time in 2018, with multiple changes in leadership during the year. However, towards the end of the year, the Group appointed a new managing director ("MD"). As MD, Kirk Thompson began to build this team in 2018 and this continued throughout 2019 and into 2020.

The business completed its scheme at Belmont Durham, with only one plot remaining at December 2018, and then sold during 2019. It also continued with developments at The Walled Garden in Newcastle and Morar House in Helensburgh, which will complete during 2020.

Turnover was £2.3m compared to £2.6m in 2017. The business also undertook both, works on behalf of the hospitality business, and the property investment segment.

The Group has a small portfolio of investment properties that are rented on short term tenancies. These generated rent of £118k during 2018.

Looking to the future

In terms of Group's future business model, the Director had reviewed the Group operations, and on 31 December 2018, the Sub Group headed by High Street Commercial Finance Limited, left the Group (see note 22). The shares of High Street Commercial Finance were held on trust as at 31 December 2018 until all permissions were obtained by any affected third-party funders.

The auditors have reviewed the disposal, and have formed the view that It was completed in January 2019. They have therefore issued an adverse opinion to that end. This opinion is addressing the timing only, and not the value of the transaction.

At the time of signing, the Group are facing a challenge in that of COVID-19 which is disclosed in the Directors Report on page 8. The BTR business has already secured 80% of its business, which will also contribute to the business models of hospitality and property development, however, the current conditions have introduced some shorter term focus on managing cash reserves.

Risks and uncertainties

Details of the Group's capital and finance risk management objectives and policies, together with exposure to material financial risks are set out in note 20 to the financial statements. The key risks to the business include:

Funding

The lack of readily available funding to either the Group or third parties to undertake property transactions would have significant impact on the growth and sustainability of the Group.

To mitigate this the Group target 80% of turnover from the BTR business to be derived from Private Rented Sector ("PRS") sales to institutional investors on a forward fund. Schemes are therefore identified to fulfil this criteria prior to commitment to purchase. In addition, the Group ensures that the schemes identified for sale to individual investors would also be appropriate as a PRS scheme hence the Board can consciously take remedial action should there be an issue with funding.

Liquidity

Construction and property development is very capital intensive with significant cash outflows and inflows. On schemes which are for sale, there could potentially be a three-year gap between the sales receipt and the initial acquisition, with the cost of development occurring in between. Accurately forecasting cash flows is therefore vital to the success of the Group.

The Group maintains a detailed project cash flow forecast which extends a minimum of three years ahead and is subject to continual re-assessment and sensitivity analysis to ensure it is not operating beyond its financial capacity. This forecast is reviewed by the Board on a regular basis.

The Group's increased emphasis on build to rent results in cash inflows earlier in the development cycle, where development costs are matched funded but profit payments are generally deferred until the project reaches practical completion.

Market / Sales Risk

Following on from the lack of funding if there were to be a lack of sales demand, then this will impact the growth and sustainability of the Group.

As mitigation to this, where a scheme is designated as a PRS exit, the business ensures that the nature of the scheme fits with the requirements of a least one institutional fund, and commits to unequivocally purchase when a fund has agreed terms in principle. The strategy of only selling 20% of schemes to individuals mitigates this element of sales risk as at this quantum the business can hold and sell when the market recovered. Sales risk to individuals is also mitigate through a third of sales being via underwrite arrangements which may result in the achieved net values being lower than that would be achieved using individual agents, however experience has found that this reduction is offset by a reduction in debt costs.

Furthermore, in some schemes, where the market potential suits, the Group are retaining a number of assets to let to tenants, stabilise and then exit on a portfolio basis to an institution.

Build Cost and Programme

The efficient timely delivery of construction projects and the availability of materials and labour at an economic rate are critical to the Group's profits, cash flows and reputation.

To mitigate this, the Group work with a small selection of contractors whom are approved by the institutional customers. This creates an element of competition. We also work with subcontractors and suppliers to secure economies of scale across the all developments as opposed to individual projects. We secure rates as early as possible in the development process and closely monitor all construction costs.

Planning Process

Delays in achieving suitable planning permissions can increase financing costs, delay profit recognition and impact on our ability to invest equity into new opportunities. Failure to achieve a suitable planning permission may lead to cost write-offs or reduced margins on individual developments, along with a negative impact on reputation if delivery is delayed substantially.

A planning risk assessment is conducted prior to any land purchase.

Strong relationships are maintained with local authorities and planning officers to best understand their requirements, underlying policy and planning prospects. While this cannot remove planning risks it mitigates them as much as possible.

Economic

The perceived strength of the UK economy will influence demand for the Group's hospitality offerings. This is heavily influenced by factors outside the Group's control such as interest rates, the availability and costs of mortgage finance, taxation, rental incomes, unemployment and increasing consumer costs for other goods and services.

The Group considers the prevailing economic environment before committing to significant transactions or events such as land purchases and sales launches. A down turn in the hospitality business can be sustained by the other parts of the business, and as such will have minimal impact on the Group.

On behalf of the board

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Mr G R Forrest
Director
23 December 2020

The director presents his annual report of the affairs of the Group together with audited financial statements for the year ended 31 December 2018.

Principal Activity
The principal activities of the Group are the development of build to rent multi storey apartment blocks, housebuilding, property development, property investment and the operation of hotels, holiday lets, bars and restaurants.

Results and dividends
The consolidated loss for the period was amounted to £24.5m (2017: £23.9m). The director does not propose to pay any dividends.

Strategic report
The Group is required by section 414A of the Companies Act 2006 to present a Strategic report in the Annual Report. This can be found on pages 4 to 7. The Strategic Report contains, where appropriate, an indication of the director's view on likely future developments in the business of the Group.

Directors
The Director who held office during this year and up to the signing of the financial statements was Gary Forrest.

Financial Instruments
Further information regarding the Group's financial instruments related policies and a consideration of its liquidity and other financing risks are in note 20 to the financial statements.

Going concern
Having undertaken a going concern review, the Director has considered the Group's principal risk areas, including the potential impact of the COVID-19 pandemic, that they consider material to the assessment of going concern. Management have performed a detailed going concern review, particularly assessing the Group's liquidity for the coming 18 months.

The Group announced on 23 March 2020 that all construction sites and offices were to close, having closed all hospitality venues on 20 March 2020. In our BTR business, all but the Hadrian's Tower site were closed. During this period, to preserve liquidity, the Group renegotiated deferred payment terms in relation to land acquisitions or indeed made the decision to no longer pursue the acquisition, and accessed Government support where appropriate, particularly for the hospitality business in the form of the Local authority rebates, Coronavirus Job Retention Scheme, and bounce back loans.

This aside, on 8 May 2020, the Group completed the land acquisition at Strawberry Place, Newcastle which was a £10m acquisition that could not be delayed. As part of this transaction, the Group concurrently bought out the Joint Venture partner of the scheme to protect the Group's pre-existing interests. The transaction was funded utilising a third party bridging facility secured against both the land and the headroom in Group assets.

The Group rely upon both institutional and third party funding to deliver its pipeline, and during the pandemic this proved challenging as institutions temporarily suspended activity. However, this has improved substantially in the fourth quarter of 2020, after the FCA imposed restrictions on non-liquid investment funds were lifted.

The BTR business is progressing with a number of funding deals, including a significant forward fund and an institutional platform deal with an equity investment of £100m

These transactions demonstrate that funding is available, particularly from institutional partners.

Our construction sites in England began to reopen in mid-May, with our Scottish sites reopening mid-June.

In assessing whether the Group is a going concern, management have prepared cash flow forecasts which are based upon the most likely outcomes in terms of scheme exits, and hospitality trading. The North East, where the hospitality venues are located, continue to be in Tier 3 and therefore forecasted not to open in December. However, as the vaccine rolls out, the venues are expected to reopen in 2021. If the venues continue to be closed in the first quarter of 2021, then this will have a negligible impact on the Group's cash flows.

Management do not expect an interruption to construction in either the housing development or the BTR business as a result of COVID-19, therefore, subject to funding, schemes are expected to proceed as planned. Hadrian's Tower was delayed by 15 weeks, but was handed over the first week of December 2020. 16 apartment sales have completed at the date of signing, with a further 87 having exchanged contracts and working towards completion. Furthermore, the next BTR project to complete, Middlewood Plaza in Salford is expected to be complete April 2021. These represent two highly profitable projects being completed within 5 months of each other.

Management also fully expect demand for institutional class rental property to be stronger than ever following the relaxation of COVID-19 restrictions. The quality and security provided by an institutional landlord would have been beneficial to many who found themselves with an accidental / private landlord during this period. Institutional landlords provide high quality in terms of Wi-Fi, concierge services and location, all of which would be a benefit during the period of lockdown and will be much sought by tenants. A view that is supported by our partners. The Group is therefore in a fortunate position to have a substantial pipeline to fulfil this requirement.

However, the Director does note that the reliance upon external funding, and as to be expected with the presence of COVID-19 could represent a material uncertainty that may cast doubt about the Group's ability to continue as a going concern. He considers however that at the date of signing, the Group are presented with a number of funding opportunities which mean this not to be the case.

The Director considers that the Group has adequate resources in place for at least 12 months from the date of these results and has therefore adopted the going concern basis of accounting in preparation. It was however disappointing that High Street Rooftop Holdings Limited entered into administration in September 2020 after a discontinuation of rooftop development in London, a decision made following the expected change to permitted developments rights not being implemented.

Subsequent Events
Events and transactions which occurred between the balance sheet date and the date of signing are listed in note 31.

Employees
The director recognises that employees are fundamental to the Group's success and is committed to the involvement and development of employees at all levels. The director ensures that HSG is a diverse and inclusive Group that respects employee's protected characteristics including race, religion, sexual orientation and any disabilities.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Arrangements exist to keep all employees informed on matters of concern to them and information on Group performance and prospects is disseminated widely.

The Director ensures that employees or their representatives are consulted on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests. Employees are encouraged to be concerned with the performance and efficiency of the Group and various profit sharing and bonus schemes operate to emphasise and reinforce this.

The directors would like to thank all our employees for their hard work during the year.

Disclosure of information to auditors
Each of the persons who is a director as at the date of this report confirms that:

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

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

Auditors
PricewaterhouseCoopers LLP, (PwC) were appointed by the Group to undertake the audit of the consolidated financial statements for High Street GRP Limited. In September 2020, they tendered their resignation having failed to complete the audit. Haines Watts were subsequently appointed as auditor.

Prior year comparatives
The filed 2017 financial statements were unaudited, on the basis that the company and its group qualified as small as set out in section 479a-479c of the companies act 2006, as mentioned in the Independent Auditor's Report on page 12.

....
Mr G R Forrest
Director

23 December 2020

Director's responsibilities statement

Year ended 31 December 2018

The director is responsible for preparing the Strategic Report, the Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law.

Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the director is 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 the EU;
- assess the Group and parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the shareholders of High Street GRP Limited

Year ended 31 December 2018

Adverse Opinion

We have audited the financial statements of High Street GRP Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidation Statement of Total Comprehensive Income, the Consolidated Statement of financial position, the Company statement of financial position, the Consolidated Statement of Cash flows, the Company Statement of Cash flows, the Consolidated Statement of changes in equity, the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, because of the significance of the matter described in the basis for adverse opinion section of our report, the group financial statements:

- do not give a true and fair view of the state of the group's affairs as at 31 December 2018, and of the group's loss for the year then ended;
- have not been properly prepared in accordance with IFRSs as adopted by the European Union; and
-
- have not been prepared in accordance with the requirements of the Companies Act 2006.

In our opinion, except for the effects of the matter described in the basis for adverse opinion section of our report, the parent company's financial statements:

- give a true and fair view of the parent company's affairs as at 31 December 2018;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for adverse opinion

In the financial statements the Group has recognised the disposal of a sub-group headed by High Street Commercial Finance Limited. Following review of the supporting documentation and other evidence behind the disposal, we believe that control over the sub-group passed in January 2019 rather than on 31 December 2018 and therefore should not be accounted for as disposed in these financial statements, but instead in the financial statements for the year ended 31 December 2019. This increases net liabilities by £49,951,000. There is no impact on the loss for the year.

We conducted our audit in accordance with the International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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 adverse opinion on the group financial statements. Our opinion on the parent company's financial statements is not qualified.

Other matter

In previous accounting periods the director of the company took advantage of audit exemption under s479 of the Companies Act 2006 and therefore the prior period financial information was not subject to audit.

Other information

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

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

As described in the basis of adverse opinion section of our report, the group financial statements have recognised the disposal of a sub-group which we do not believe should be accounted for as a disposal in the financial statements. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the annual report affected by the accounting for the disposal.

Basis for Adverse Opinion on other matters prescribed by the Companies Act 2006

Because of the matters described in the Basis for Adverse Opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report has not been prepared in accordance with applicable legal requirements.
- The directors report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

As a result of the matters described in the Basis for Adverse Opinion section of our report, in the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have identified material misstatements in the strategic report but not the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

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

Use of our report

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

Antony Sassen (Senior Statutory Auditor)
For and on behalf of Haines Watts, Statutory Auditor
Northern Assurance Buildings
9-21 Princess Street
Manchester
M2 4DN

23 December 2020

Consolidated Statement of Total Comprehensive Income

Year ended 31 December 2018

	Notes	2018 £'000	2017 £'000 unaudited
Continuing operations			
Revenue from contracts with customers	2,3	18,090	17,012
Cost of sales of goods	3	(16,423)	(19,386)
Gross profit/(loss)	3	**1,667**	**(2,374)**
Administrative expenses	3	(6,894)	(5,488)
Net impairment losses		(3,186)	(9,953)
Other Gains - Net	5	7,350	857
Operating loss		**(1,063)**	**(16,958)**
Finance Income		-	
Finance costs	9	(1,632)	(6,330)
Finance costs - Net		**(1,632)**	**(6,330)**
Loss before income tax		**(2,695)**	**(23,288)**
Income tax expense	10	(1,542)	(40)
Loss from continuing operations		**(4,237)**	**(23,328)**
Loss on discontinued operation	22	(20,296)	-
Loss for the period		**(24,533)**	**(23,328)**
Other comprehensive income			
Profit on disposal of subsidiary to owner	22	49,951	-
Subsidiary company purchase		(6)	-
Total comprehensive income / (loss) for the year		**25,412**	**(23,328)**

Consolidated Statement of Total Comprehensive Income *continued*

Year ended 31 December 2018

Loss for the year attributable to:		
Owners of the parent	(17,212)	(13,262)
Non-controlling interest	(7,321)	(10,066)
Loss for the period	**(24,533)**	**(23,328)**
Total comprehensive income attributable to:		
Owners of the parent	**15,122**	(13,262)
Non-controlling interest	**10,290**	(10,066)
Total comprehensive income / (loss) for the year	**25,412**	**(23,328)**

Consolidated Statement of financial position

Year ended 31 December 2018

	Notes	2018 £'000s	2017 unaudited £'000s	2016 unaudited £'000s
Non-current assets				
Property, plant & equipment	12	9,383	5,822	3,132
Investment properties	15	20,888	2,117	1,451
Total non-current assets		**30,271**	**7,939**	**4,583**
Current assets				
Inventories	16	58,526	22,096	15,032
Trade & Other receivables	17	9,707	5,825	7,319
Cash and cash equivalents		4,198	747	58
Total current assets		**72,431**	**28,668**	**22,409**
Current Liabilities				
Trade & other payables	18	(14,784)	(17,165)	(6,406)
Borrowings (Current)	23	(41,646)	(53,446)	(26,357)
Total current liabilities		**(56,430)**	**(70,631)**	**(32,763)**
Net current assets/(liabilities)		**16,001**	**(41,945)**	**(10,344)**
Non-current liabilities				
Borrowings	23	(49,715)	(488)	(5,433)
Deferred tax liability		(1,581)	(40)	-
Other non-current liabilities	18	(4,096)	-	-
Total non-current liabilities		**(55,392)**	**(528)**	**(5,433)**
Net Liabilities	3	**(9,120)**	**(34,532)**	**(11,204)**
Capital & Reserves				
Share capital & share premium	25	-	-	-
Retained deficit		(9,120)	(24,242)	(10,980)
Equity shareholders' funds		**(9,120)**	**(24,236)**	**(10,974)**
Non-Controlling Interest		-	(10,290)	(224)
		(9,120)	(34,532)	(11,204)

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2020 and were signed on its behalf by:

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Mr G R Forrest
Director

HIGH STREET GRP LIMITED Company registration Number: 07831810

Company Statement of financial position

Year ended 31 December 2018

	Notes	2018 £'000s	2017 £'000s unaudited	2016 £'000s unaudited
Non-current assets				
Property, plant & equipment	13	21	8	6
Investment in Subsidiaries	14	100	100	100
Total non-current assets		**121**	**108**	**106**
Current assets				
Trade & Other receivables	17	8,791	551	1,286
Cash and cash equivalents		222	254	13
Total current assets		**9,013**	**805**	**1,299**
Current Liabilities				
Trade & other payables	18	(629)	(1,204)	(1,286)
Borrowings (Current)	23	(559)	-	
Total current liabilities		**(1,188)**	**(1,204)**	**(1,286)**
Net current assets / (liabilities)		**7,946**	**(399)**	**13**
Non-current liabilities				
Borrowings	23	(17,457)	-	-
Total non-current liabilities		**(17,457)**	**-**	**-**
Net (Liabilities) / Assets		**(9,511)**	**(291)**	**119**
Capital & Reserves				
Share capital & share premium	26	-	-	
Retained earnings		(9,511)	(291)	119
Equity shareholders' funds		**(9,511)**	**(291)**	**119**
Non-controlling interests		-	-	
		(9,511)	**(291)**	**119**

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2020 and were signed on its behalf by:

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Mr G R Forrest
Director

HIGH STREET GRP LIMITED

Consolidated Statement of cash flows

Year ended 31 December 2018

	Note	2018 £000s	2017 £000s
Cash flows from Operating Activities			
Cash used in operations	19	(62,009)	(6,079)
Interest paid		(1,554)	(2,990)
Income Taxes paid		1,541	40
Net cash outflow from operating activities		**(62,022)**	(9,029)
Cash flows from investing activities			
Payments for Property, plant & equipment		(4,625)	(2,126)
Payments for investment property		(10,658)	-
Proceeds for sale of investment property		648	-
Loans to related parties		-	4,843
Net cash (used in) / generated from investing activities		**(14,635)**	2,717
Cash flows from financing activities			
Increase in borrowings	19	91,542	11,395
Repayment of borrowings	19	(11,434)	(4,320)
Net cash generated from financing activities		**80,108**	7,075
Net increase in cash		**3,451**	764
Net (decrease)/increase in cash			
Cash at bank and bank overdrafts at beginning of year		**747**	(17)
Cash at bank and bank overdrafts at the end of the year	**19**	**4,198**	747
		3,451	764

HIGH STREET GRP LIMITED

Company Statement of cash flows

Year ended 31 December 2018

	Note	2018 £000s	2017 £000s
Cash flows from Operating Activities			
Cash used in operations	19	(17,473)	(521)
Interest paid		-	5
Net cash outflow from operating activities		**(17,473)**	**(516)**
Cash flows from investing activities			
Payments for Property, plant & equipment		(18)	(10)
Loans to related parties		-	(33)
Repayment of loans by related parties		-	800
Net cash used in investing activities		**(18)**	**757**
Cash flows from financing activities			
Increase in borrowings	19	17,457	-
Net cash generates in financing activities		**17,457**	**-**
Net increase / (decrease) in cash		**(34)**	**241**
Cash at bank and bank overdrafts at beginning of year		**254**	**13**
Cash at bank and bank overdrafts at the end of the year	19	**220**	**254**

HIGH STREET GRP LIMITED

Consolidated Statement of changes in equity

Year ended 31 December 2018

	Share capital and premium	Retained earnings	Non-Controlling Interest	Total
	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2017		(10,980)	(224)	(11,204)
Loss for the year		(13,262)	(10,066)	(23,328)
Balance as at 31 December 2017	-	(24,242)	(10,290)	(34,532)
Balance at 1 January 2018	-	**(24,242)**	**(10,290)**	**(34,532)**
Disposal of Subsidiary	-	49,951	-	49,951
Subsidiary company purchases	-	(6)	-	(6)
Loss for the year	-	(17,212)	(7,321)	(24,533)
Adjustment arising from change in NCI		(17,611)	17,611	-
Total comprehensive income for the period	-	**15,122**	**10,290**	**25,412**
Balance as at 31 December 2018	-	**(9,120)**	-	**(9,120)**

HIGH STREET GRP LIMITED

Company Statement of changes in equity

Year ended 31 December 2018

	Share capital and premium	Retained earnings	Other reserves	Total
	£'000s	£'000s	£'000s	£'000s
Balance at 1 January 2017	-	118	25,925	118
Loss for the year		(408)	-	(408)
Revaluation of investments			15,000	
Total comprehensive income for the period	**-**	**(408)**	**-**	**(408)**
Balance as at 31 December 2017	**-**	**(290)**	**40,925**	**(290)**
Balance at 1 January 2018 as previously reported	**-**	**(290)**	**40,925**	**(290)**
Restatement - Change in accounting policy			*(40,925)*	
Subsidiary company purchases	-	-	-	-
Loss for the year	-	(9,221)	-	(9,221)
Total comprehensive income for the period	**-**	**(9,221)**	**-**	**(9,221)**
Balance as at 31 December 2018	**-**	**(9,511)**	**-**	**(9,511)**

The company financial statements for 2016 and 2017 presented investment in subsidiaries at value. The accounting policy has been changed in 2018 to reflect investments at cost.

1. Accounting policies

The principal accounting policies adopted in the preparation of the Group's Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

High Street GRP Limited (the "Company") is a private limited company incorporated, and domiciled in England. The address of the registered office is 6th Floor Stockbridge House, Newcastle upon Tyne NE1 2HJ. The principal activities of the Group and the company are detailed in the directors' report.

The presentation currency is pounds sterling and is rounded to the nearest thousand.

1.1 Basis of preparation

The Group and company financial statements have been prepared and approved by the directors in accordance with adopted International Financial Reporting as adopted by the EU ("IFRS"). They have been prepared on a going concern basis under the historical cost basis, except for financial instruments, investment properties and Group occupied land and buildings, which are measured at fair value. All values are in GBP (£) and are rounded to the nearest thousand.

For all periods up to and including the year ended 31 December 2017, the Group was not required to prepare financial statements and so these are the first financial statements it has prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). The Company previously prepared it's financial statements in accordance with UK generally accepted accounting principles (UK GAAP). These financial statements for the year ended 31 December 2018 are the first the Company has prepared in accordance with IFRS. This resulted in a change in accounting policy for the company, where investments are now held at cost rather than fair value.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented a statement of comprehensive income for the Parent Company alone. See note 8.

Future adoption of new and revised standards and interpretations

At the date of the authorisation of these financial statements, there are a number of standards, amendments and interpretations that have been published but are not yet effective for the year ended 31 December 2018 and have not been adopted early.

The following EU endorsed standards are expected to impact the Group.

IFRS 16 'Leases' will be effective for the Group for the year ended 31 December 2019. The Group has already identified that this will apply to its property lease for its office premises which will be recognised on the balance sheet.

IFRS 16 will require all contracts that meet the definition of a lease to be recognised upon commencement as a right-of-use asset and corresponding finance lease liability. The right-of- use asset is then depreciated over the life of the lease while a regular interest expense is recognised relating to the finance lease liability. This differs from the previous accounting policy under IAS 17 where no assets or liabilities were recognised and only lease payments were recognised through the income statement.

The Group intends to adopt the cumulative catch up approach whereby no adjustments are made to comparative figures at transition; rather the outstanding liabilities for existing operating leases are calculated at the date of transition and the right-of-use assets are set as equal to the liabilities and as such there is no adjustment to reserves. The Group will be taking advantage of the practical expedient allowed in the standard where leases with a remaining term of 12 months or less are exempt. Any agreements which fall within this exemption will continue to be expensed to the income statement on a straight line basis.

The following standards are relevant to the Group but are not expected to have any material impact.

Amendments to IFRS 3, 'Business Combinations' which provides clarification that obtaining control of a business that is a joint operation is a business combination achieved in stages.

1.2 Basis of consolidation

The consolidated financial statements are a consolidation of the financial statements of the Parent Company and all entities controlled by the Company (its subsidiaries) made up to 31 December each year. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the Accounting Policies used in line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or disposal. Non-controlling interests in the fair value of the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

1.3 Going concern

The Director has, at the time of approving the Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Further detail is contained in the Directors Report on pages 8-10.

1.4 Operating segments

The chief operating decision maker is the person or Group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision maker is the Board of High Street GRP Limited (the 'Board'). Management has determined the operating segments based on the reports reviewed by the Board in making strategic decisions. The Board considers the business based on the following operating segments:

- Build to Rent; all developments of multi storey apartment blocks designed for rental markets and sold to either institutional investors or individuals;
- Hospitality; all hotels, holiday lets, bars and restaurants;
- Property development; property development, contracting and housebuilding;
- Property investment and associated trading activities.

Whilst the following is not a reportable segment, information about it is considered by the Board in conjunction with the reportable segments:

- Group overheads, comprising central services and head office administration.

1.5 *Business combinations and goodwill*

At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities are acquired in addition to the property. When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired based on their fair values, and no goodwill or deferred tax is recognised.

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the fair value of the assets given and equity instruments issued. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, including intangible assets, of the acquired entity at the date of acquisition. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Costs attributable to an acquisition of a business are expensed in the consolidated income statement under the heading 'Other expenses'.

Goodwill on acquisition of subsidiaries is included within this caption in the consolidated statement of financial position. Goodwill on acquisition of joint ventures and associates is included in investments in joint ventures and associates.

Goodwill is subjected to an impairment test at the reporting date or when there has been an indication that the goodwill should be impaired, any loss is recognised immediately through the Consolidated Statement of Comprehensive Income and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which goodwill arose.

1.6 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affects the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually made and based on his historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The directors believe the following to be key areas of estimation and judgement

Revenue and profit recognition

Revenue from development contracts is recognised when control passes and once there is reasonable certainty that all conditions will be met. Judgement is required to assess the level of certainty around these conditions to ensure management is satisfied they will be met. Revenue is then recognised at a rate equivalent to the value of work undertaken in respect of land development. Contract profit is recognised in proportion to revenue only to the extent that the total eventual profit on the contract can be foreseen with reasonable certainty.

Assessing the percentage complete on each contract involves estimation of the total expected costs to *be incurred until the end of the contract. Forecasting the total expected costs includes making* assumptions regarding construction costs including cost inflation. The earlier in the development programme, the greater the level of estimation required. Due to the Group's experience, internal expertise and close relationships with subcontractors, it is able to ensure these estimates are as accurate as possible. Recognition of profit also involves estimation of the total expected revenues from each site and therefore the expected profit margin that will be achieved. The expected profit margins for individual sites are updated on a regular basis and are reviewed by the Board as part of established controls procedures. Estimation is required to assess whether the total eventual profit on each contract can be foreseen with reasonable certainty.

Carrying value of land and work in progress

Inventories include land and work in progress in respect of build to rent and house building development sites. On each development estimation is required to assess whether the cost of land and any associated work in progress is in excess of its net realisable value (note 17).

The key judgements and estimates in determining the net realisable value of land and work in progress are:

- an estimation of costs to complete; and
- an estimation of the remaining revenues.

These assessments include a degree of uncertainty and therefore if the key judgements and estimates change unfavourably, write-downs of land and work in progress may be necessary.

Fair value of investment properties

Fair value of investment properties and of Group occupied properties — the fair value of completed investment property and of Group occupied property is verified by independent valuation experts. The fair value of investment property under construction has been determined using the residual method by the Director of the Company, and verified by an independent expert. The most significant estimates used in these valuations are rental values, yields and costs to complete. Note 15 of the Financial Statements gives details of the valuation methods used and the sensitivity surrounding these estimates.

Re-valuation & Impairment of assets

When revaluing or impairing an asset (excluding investment properties), estimates and judgements are based on, where possible, periodic, but at least triennial, valuations by an external, independent valuer and / or known post year-end transaction values.

1.7 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer excluding amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. The consideration recognised is the amount which is highly probable not to result in a significant reversal in future periods. Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied by the Group or whether it is a modification to the existing performance obligation.

The Group has some contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. The Group adjusts its transaction price for the time value of money. The Group's activities are wide-ranging. and as such, depending on the nature of the product or service delivered and the timing of when control is passed to the customer, the Group will account for revenue over time or at a point in time. Where revenue is measured over time, the Group uses the input method to measure progress of delivery.

Revenue Category	Nature, timing of satisfaction of performance obligations and significant payment terms
Properties and land for open market sale	Revenue and profit is recognised when control of each property has transferred to the purchaser, which is the point of legal completion. Revenue is the contract price of each property net of any incentives and profit is calculated based on an assessment of the overall revenues and costs expected on that particular development. The assessment of total revenues and total costs expected on each development requires a degree of estimation, although in the majority of cases, at the point of handover of open market properties, the development will be nearing completion and therefore profits are more certain. Deposits received by customers on exchange of contracts are recorded as contract liabilities and included as part of creditors due within one year.
Development contracts	Revenue from contracts is recognised over time from the date at which it is considered that the customer controls the asset. For the construction of homes sold under build to rent contracts, control passes to the customer on the date of exchanging contracts. In order to determine progress towards satisfying these contracts and thus the timing and proportion of revenue to be recognised the input method of measurement is applied, based on resources consumed relative to total resources expected to be consumed. Land is a key resource consumed in order to satisfy these contracts and as such is included in measuring progress under this method. Where variations are received, these are recognised as revenue by reference to the stage of completion of contract activity at the balance sheet date, these variations are not normally material to the Group. Where the counterparty of a build to rent forward fund contract determines the contract price as net of funding costs, the Group recognises the revenue and interest costs separately in the statement of comprehensive income. On the balance sheet, the Group reports the net contract position for each contract either as an asset or liability. A contract represents an asset where costs incurred plus recognised profits exceed progress billing and a contract represents a liability where the opposite is the case. These are disclosed as 'Amounts recoverable on contracts'.

Revenue Category	Nature, timing of satisfaction of performance obligations and significant payment terms
Provision of hospitality goods and services	Revenue is recognised net of VAT and trade discounts when goods have been physically provided to the customer. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to the consideration and is recorded at the fair value of the consideration received or receivable Where payments are received from customers in advance of services provided, the amounts are recorded as contract liabilities and included as part of creditors due within one year.
Rental income	Gross rental income is recognised on a straight-line basis over the lease term on an accruals basis.

1.8 Selling expenses

Selling expenses which are directly attributable to obtaining a contract are prepaid and then expensed at the time of the corresponding revenue and profit recognition of that contract. All other selling expenses are charged to the income statement as incurred.

1.9 Interest income and expense

Interest income and expense are recognised within 'Finance income' and 'Finance costs' in the Consolidated Statement of Comprehensive Income using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Group has chosen not to capitalise borrowing costs on all qualifying assets which are measured at fair value.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

1.10 Property, plant and equipment

Group occupied properties are stated in the Statement of Financial Position at their revalued amounts, being the fair value, based on market values, less any subsequent accumulated depreciation or subsequent accumulated impairment loss. Fair value is determined annually by an independent valuer, surpluses and deficits on revaluations are charged to the Consolidated Statement of Comprehensive Income.

In respect of land and buildings, depreciation is provided where it is considered significant, having regard to the estimated remaining useful lives and residual values of individual properties.

Equipment held for hire, vehicles and office equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset plus any costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, mainly at the following annual rates:

- Land & Buildings – 2%
- Vehicles – between 10% and 25%
- Plant & Machinery – between 25% and 33%
- Office equipment – between 25% and 33%

1.11 Investment property

Investment properties are those properties which are not occupied by the Group and which are held for long-term rental yields, capital appreciation or both. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment properties are initially measured at cost, including related transaction costs.

At each subsequent reporting date, investment properties are re-measured to their fair value; further information regarding the valuation methodologies applied can be found in note 15 to the Financial Statements. Movements in fair value are included in the Consolidated Statement of Comprehensive Income.

Where the Group employs a professional valuer, the valuations provided are subject to a comprehensive review to ensure they are based on accurate and up-to-date tenancy information. Discussions are also held with the valuer to test the valuation assumptions applied and comparable evidence utilised to ensure they are appropriate in the circumstances.

Subsequent expenditure is capitalised to the asset's carrying value only where it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure is expensed to the Consolidated Statement of Comprehensive Income in the period in which it arises.

Investment property is derecognised when it is disposed of at its carrying value.

Where specific investment properties have been identified as being for sale within the next 12 months, a sale is considered highly probable and the property is immediately available for sale, their fair value is shown under assets classified as held-for-sale within current assets, measured in accordance with the provisions of IAS 40 'Investment Property'.

1.12 Inventories

Inventories are stated at the lower of cost and estimated net realisable value and are subject to regular impairment reviews. Inventories comprise developments in progress, land held for development or sale, and options to purchase land, where cost comprises costs of acquisition and development, including directly attributable fees and expenses, and borrowing costs.

- Property developments in progress includes properties being developed for onward sale.
- House builder land and work in progress includes construction of residential housing for onward sale.
- Land held for development or sale is land owned by the Group that is promoted through the planning process in order to gain planning permission, adding value to the land.
- Options to purchase land are agreements that the Group entered into with the landowners whereby the Group has the option to purchase the land within a limited time frame. The landowners are not generally permitted to sell to any other party during this period, unless agreed to by the Group. Within the time frame the Group promotes the land through the planning process at its expense in order to gain planning permission. Should the Group be successful in obtaining planning permission it would trigger the option to purchase.

Inventories comprise all the direct costs incurred in bringing the individual inventories to their present state at the reporting date, including any reimbursable promotion costs, less the value of any impairment losses. Planning costs are capitalised and recognised as an asset in work in progress when there is probable future economic benefit expected to arise from those costs. The group adopts the cost accumulation methodology which means that costs that are contingent on a future event are not recognised as part of work in progress, until they become a commitment.

Land consideration which is deferred but committed to, is also included at the value to be expensed.

Impairment reviews are considered on a site-by-site or individual development basis by management at each reporting date; write-downs or reversals are made to ensure that inventory is then stated at the lower of cost or net realisable value.

1.13 Taxation

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

The tax currently payable is based on the profits for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are tax deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

1.14 Financial instruments

The Group retains such financial instruments as are required, together with retained earnings, in order to finance the Group's operations.

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provision of the instrument.

The principal financial instruments are:

- Trade and other receivables are measured initially at fair value and then amortised cost — where the time value of money is material, receivables are amortised using the effective interest rate method. IFRS 9's simplified approach to provisioning is used to calculate the Group's lifetime expected credit risk;
- Cash and cash equivalents, which comprise cash in hand;
- Trade and other payables which are on normal credit terms, are not interest bearing and are stated at their nominal values. Where the time value of money is material, payables are carried at amortised cost using the effective interest rate method;
  Borrowings — see below.

1.15 Borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value, being proceeds received net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method.

Borrowing costs directly relating to the development of properties that take a substantial period of time to get ready for sale are capitalised within inventories. Capitalisation of borrowing costs commences from the date of initial expenditure on a given development and continues until the properties are ready for sale.

The capitalisation of borrowing costs is suspended where there are prolonged periods when development activity on a site is interrupted. Capitalisation is not normally suspended during a period when substantial technical and administrative work is being carried out.

In relation to none specific funding, fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

All other borrowing costs are charged to the income statement using the effective interest method. Borrowing costs paid are classified as operating activities in the cash flow statement.

1.16 Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value.

1.17 Deposits received in advance

Deposits received on exchange of contracts of open market properties are included within trade and other payables until legal completion of the related property.

1.18 Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

2. Revenue

Analysis of the Group's revenue is as follows:

	2018	At a point in time	Over time	2017	At a point in time	Over time
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Properties and land for open market sale						
- House builder unit sales	2,845	2,845	-	7,044	7,044	-
- Build to rent sales to individuals	-	-	-	-	-	-
Development contracts						
- Build to rent sales to institutional investors	13,176	-	13,176	8,352	-	8,352
Revenue from contracts with customers	**16,021**	**2,845**	**13,176**	**15,396**	**7,044**	**8,352**
Other revenue	150	150	-	892	892	-
Investment property rental income	98	98	-	76	76	-
Hospitality venue revenue	1,821	1,821	-	648	648	-
	18,090	**4,914**	**13,176**	**17,012**	**8,660**	**8,352**

3. Segment Information

For the purpose of the Board making strategic decisions, the Group is currently organised into three main operating segments:

- Build to Rent; all developments of multi storey apartment blocks designed for rental markets and sold to either institutional investors or individuals;
- Hospitality; all hotels, holiday lets, bars and restaurants;
- Property development; property development, contracting and housebuilding;
- Property investment and associated trading activities:

Group overheads are not a reportable segment; however, information about them is considered by the Board in conjunction with the reporting segments.

Operations are carried out entirely within the United Kingdom.

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the reportable segments are the same as the Group's Accounting Policies. The Group's Principal Accounting Policies are described on pages 25 to 31.

3. Segment Information continued

Segment profit represents the profit earned by each segment before tax and is consistent with the measure reported to the Group's Board for the purpose of resource allocation and assessment of segment performance.

Revenues from external sales are detailed in note 2.

	2018						
	Build to Rent	Hospitality	Property development	Property Investment	Group Overheads	Eliminations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue							
External Sales	13,176	1,821	2,845	98	150	-	18,090
Inter-segment sales	-	-	2,655	-	554	(3,209)	-
Total Revenue	13,176	1,821	5,500	98	704	(3,209)	18,090
Cost of sales	(11,399)	(1,686)	(5,476)	(161)	(17)	2,316	(16,423)
Administrative expenses	(946)	(872)	(2,436)	11	(3,038)	387	(6,894)
Net impairment losses	-	-	(3,186)	-	-	-	(3,186)
Other gains/(losses) - Net	-	(150)	(402)	7,902	-	-	7,350
Operating profit / (loss)	**831**	**(887)**	**(6,000)**	**7,850**	**(2,351)**	**(506)**	**(1,063)**
Finance costs	(219)	(286)	(134)	(82)	(911)	-	(1,632)
Profit / (loss) before tax	**612**	**(1,173)**	**(6,134)**	**7,768**	**(3,262)**	**(506)**	**(2,695)**

	2017						
	Build to Rent	Hospitality	Property development	Property Investment	Group Overheads	Eliminations	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue							
External Sales	8,352	648	7,024	96	892	-	17,012
Inter-segment sales	-	-	8,384	-	-	(8,384)	-
Total Revenue	8,352	648	15,408	96	892	(8,384)	17,012
Cost of sales	(7,051)	(602)	(11,737)	4	-	-	(19,386)
Administrative expenses	(455)	(440)	(3,181)	(77)	(1,335)	-	(5,488)
Net impairment losses	-	(170)	(9,783)	-	-	-	(9,953)
Other gains/ (losses) - Net	-	844	-	13	-	-	857
Operating profit / (loss)	**846**	**280**	**(9,293)**	**36**	**(443)**	**(8,384)**	**(16,958)**
Finance costs	(901)	(127)	(5,220)	(77)	(5)	-	(6,330)
Profit / (loss) before tax	**(55)**	**153**	**(14,513)**	**(41)**	**(448)**	**(8,384)**	**(23,288)**

3. Segment Information continued

Assets and Liabilities	2018 £'000s	2017 £'000s	2016 £'000s
Segment Assets			
Build to Rent	65,614	9,117	1,803
Hospitality	10,574	4,988	2,251
Property development	5,933	19,470	15,574
Property investment	20,480	2,325	1,832
Group Overheads	101	707	5,532
Total	**102,702**	**36,607**	**26,992**
Segment Liabilities			
Build to Rent	(73,262)	(9,853)	(55)
Hospitality	(8,869)	(1,733)	(1,477)
Property development	(25,730)	(58,377)	(13,825)
Property investment	(1,707)	(992)	(1,043)
Group Overheads	(2,254)	(178)	(21,796)
Total	**(111,822)**	**(71,133)**	**(38,196)**
Net Liabilities	**(9,120)**	**(34,526)**	**(11,204)**

4. Operating loss

Operating profit is stated after charging (crediting):	2018 £'000s	2017 £'000s
Depreciation - owned assets	135	120
Loss on disposal of property, plant and equipment	293	-
Revaluation of investment properties	(7,643)	(857)
Impairment costs	3,186	9,953

The following has been charged in respect of auditors' remuneration:	2018 £'000s	2017 £'000s
Audit and related services		
Statutory audit of the Company and Group financial statements		
(PricewaterhouseCoopers LLP)	200	-
(Haines Watts)	120	-
Statutory audit of the All Saints Commercial PLC and Group financial statements (Jeffrey Henry LLP)	20	21
Statutory audit of All Saints Asset Management PLC and Group financial statements (KPMG)	20	17
Other services including non-audit services (KPMG)		
Tax compliance services	92	-

5. Other gains and losses

	2018 £'000	2017 £'000
Fair value movement of rental properties	(1,153)	-
Fair Value gain on investment properties under construction	8,827	-
Loss on disposal of property, plant & equipment	(293)	-
Fair value gain on freehold land and buildings	(31)	857
	7,350	**857**

6. Employee Costs

	2018	2017
Staff costs were as follows:	**£'000s**	**£'000s**
Aggregate gross wages and salaries	3,084	2,218
Employers' social security costs	314	223
Other pension costs	38	11
	3,436	**2,452**

Average number of persons employed by the Group during the year:		
Corporate Support Services	19	12
Construction staff	37	38
Hospitality staff	173	20
Residential staff	5	-
	234	**70**

7. Directors Remuneration

	2018	2017
	£'000s	**£'000s**
Remuneration for management services	**180**	**180**

8. Remuneration of key management personnel

	2018	2017
	£'000s	**£'000s**
Remuneration for management services	710	443
Performance related remuneration	38	-
Pension cost	5	1
	753	**444**

9. Finance costs

	2018	2017
	£000's	**£000's**
Loan Note Interest	562	1,068
Third Party Interest	50	21
Debt Interest	942	1,900
LN Agents Commission	78	3,341
	1,632	**6,330**

10. Tax

	2018 £'000s	2017 £'000s
United Kingdom corporation tax on profits / losses for the year	-	-
Deferred taxation	1,581	40

Deferred tax has been calculated at 19% of the movements in fair value of investment properties under construction.

Reconciliation of tax charge

Profit / (loss) on ordinary activities	(2,695)	(23,288)
Tax on profit / (loss) on ordinary activities at standard CT rate	(610)	(4,658)
Expenses not deductible for tax purposes	64	2,888
Group relief surrendered / (claimed)	-	50
Temporary differences not recognised in the computation	(53)	-
Adjust closing deferred tax to average rate of 19%	(1,476)	(40)
Adjust opening deferred tax to average rate of 19%	(21)	-
Deferred tax not recognised	554	1,720
Income tax expense	**(1,542)**	**(40)**

Please note that from 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 December 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date although this reduction was subsequently cancelled. That being said, we have de-recognised all deferred tax assets at this stage. This is a prudent approach and consistent with the prior year.

11. Results of the Parent Company

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented as part of these Financial Statements. The profit dealt with in the Financial Statements of the Parent Company is a loss of £9.2m (2017: loss of £0.3m)

12. Consolidated - Property, plant and equipment

Non-Current	Freehold Buildings £'000	Furniture, fittings & equipment £'000	Machinery & vehicles £'000	IT equipment £'000	Total £'000
At 1 January 2017					
Cost of fair value	3,108	21	3	-	3,132
Accumulated Depreciation	-	-	-	-	-
Net book amount	3,108	21	3	-	3,132
Year ended 31 December 2017					
Opening net book amount	3,108	21	3	-	3,132
Revaluation surplus	684	-	-	-	684
Additions	1,828	93	205	-	2,126
Depreciation charge	(63)	(27)	(30)	-	(120)
Closing net book amount	5,557	87	178	-	5,822
Year ended 31 December 2018					
Opening net book amount	5,557	87	178	-	5,822
Additions	4,370	154	85	17	4,626
Transfers	(930)				(930)
Depreciation charge	31	(58)	(106)	(2)	(135)
Closing net book amount	**9,028**	**183**	**157**	**15**	**9,383**
At 31 December 2018					
Cost of fair value	8,997	267	293	17	9,574
Accumulated depreciation	31	(85)	(136)	(2)	(192)
Net book amount	**9,028**	**183**	**157**	**15**	**9,383**

13. Company – Furniture, fittings and equipment

Non-Current	Freehold Buildings £'000	Furniture, fittings & equipment £'000	Machinery & vehicles £'000	IT equipment £'000	Total £'000
At 1 January 2017					
Cost of fair value	-	8	-	-	8
Accumulated Depreciation	-	(2)	-	-	(2)
Net book amount	-	6	-	-	6
Year ended 31 December 2017	-			-	-
Opening net book amount	-	6	-	-	6
Additions	-	10	-	-	10
Depreciation charge	-	(8)	-	-	(8)
Closing net book amount	-	8	-	-	8
Year ended 31 December 2018					
Opening net book amount	-	8	-	-	8
Additions	-	18	-	-	18
Depreciation charge	-	(6)	-	-	(6)
Closing net book amount	**-**	**20**	**-**	**-**	**20**
At 31 December 2018					
Cost of fair value	-	36	-	-	36
Accumulated depreciation	-	(16)	-	-	(16)
Net book amount	**-**	**20**	**-**	**-**	**20**

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over the estimated useful lives or, in the case of certain leased plant and equipment, the shorter lease term, 3-5 years

14. Fixed asset investments

Group

Details of undertakings

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

Subsidiary undertakings	Registered Office	Proportion of voting rights and shares		
BTR		**2018**	**2017**	**2016**
All Saints Asset Management plc[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Genevieve Developments Limited	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
HS Residential (BR) Limited[1] *(incorporated 26/07/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	-	-
High Street Residential UK Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
High Street Rooftop Holdings Limited[1] *(incorporated 13/04/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	-	-
Holloway Holdings (Birmingham) Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Holloway Investments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	0%	-
Nilus Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Olympius Developments Limited	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Olympius Holdings Limited	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Palmus Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Pottery Lane (HSG) Limited[1] *(incorporated 31/07/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	-	-
Quartus Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Rodus Development Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-

Subsidiary undertakings	Registered Office	Proportion of voting rights and shares		
		2018	2017	2016
Serenus Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Theon Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Westminster Works Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	0%	-
Yona Developments Limited[1] *(incorporated 11/01/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	-	-
Group				
High Street Commercial Finance Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	100%
High Street Financial Solutions Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Hospitality				
Bramhall Hospitality Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Burr Living One Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Hotel 52 (Sea) Limited[1] *(incorporated 23/05/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	-	-
Hotel 52 (Parkmore) Limited[1] *(incorporated 04/09/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	-	-
Stansfield house (Stanley) Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Student 52 (Newcastle) Limited[1] *(Incorporated 15/11/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	n/a	-
Maxima Developments Limited [1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Property Development				
45 St Georges Road Management Company Limited	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Acius Developments Limited[1] *(incorporated 10/01/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	-	-

Subsidiary undertakings	Registered Office	Proportion of voting rights and shares		
		2018	2017	2016
Aidan Gardens Management Limited	2 Aidan Gardens, Belmont, Durham, DH1 2BF	0%	100%	100%
Aiden Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	-
All Saints Commercial PLC	27/28 Eastcastle Street, London, United Kingdom, W1W 8DH	100%	100%	100%
All Saints Construction Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
All Saints Developments (NE) Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
All Saints Property Investments Limited	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Ashcroft Mews Management Company Limited	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Bede Developments NE Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	100%
Bodo Developments[1] *(incorporated 14/02/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	-	-
Brighstone Developments Limited	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Burn Brae House Management Co Limited	C/O Youngsrps Ltd Myenza Building, Priestpopple, Hexham, Northumberland, United Kingdom, NE46 1PS	0%	100%	100%
Cuthbert Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	100%
Drogo Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	100%
Engelbert Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Frenchgate House Management Limited	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	100%
Frideswide Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
High Street Collections Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	100%
High Street Corporate Finance Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%

Subsidiary undertakings	Registered Office	Proportion of voting rights and shares 2018	2017	2016
Hubertus Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	100%
Lindus Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	100%
Raskelf Development One Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	100%
The High Street GRP Contact Centre Limited[1]	2nd Floor Cuthbert House, All Saints Business Centre, Newcastle Upon Tyne, NE1 2ET	0%	100%	100%
The Walled Gardens (Gosforth) Management Company Limited	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	0%	100%	100%
Ursus Developments[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Vaga Developments[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Walbert Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
WJ Developments Limited[1]	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	100%	-
Zama Developments Limited[1] *(incorporated 10/01/2018)*	6th Floor Stockbridge House, Newcastle Upon Tyne, England, NE1 2HJ	100%	-	-

Company

	2018	2017 restated	2016 restated
	£000s	£000s	£000s
Investment in subsidiaries	100	100	100

The accounting policy for the carrying value of investments in subsidiaries has changed from being fair value in 2017 to cost. The carrying value presented in 2017 was £41.0m

15. Investment Properties

Completed Investment Property

	2018 £'000s	2017 £'000s	2016 £'000s
Opening balance at 1 January	2,117	1,451	1,451
Acquisitions	1,496	-	-
Disposals	(570)		
Subsequent Capital Expenditure	-	84	-
Transfers (to) / from inventories	(230)	281	-
Net gain / (loss) from fair value adjustment	(825)	301	-
Closing balance at 31 December	**1,988**	**2,117**	**1,451**
Under construction			
Opening balance at 1 January	-	-	-
Subsequent Capital Expenditure	10,073	-	-
Net gain / (loss) from fair value adjustment	8,827	-	-
Closing balance at 31 December	**18,900**	-	-
Total	**20,888**	**2,117**	**1,451**

The properties under construction are both build to rent and student accommodation, which have been valued at 31 December 2018 by Duff & Phelps. Duff & Phelps are professional valuers who hold recognised and professional qualifications and have recent experience in the location and category of the investment property being valued.

The valuation for the Build to Rent properties adopted the residual approach. This approach is used to value property which has potential for redevelopment or refurbishment and involves assessing the value of the completed development, deducting the estimated cost of works (which include but are not limited to construction costs, professional fees and finance costs) and developers profit to arrive as a residual value for the site.

For the Student property, a discounted cash flow approach was adopted. This approach focuses on the operating cash flows expected from the property and the anticipated proceeds of a hypothetical sale at the end of an assumed hold period. These amounts are then discounted to their present value. The discounted present values of the income stream and the reversion are added to obtain a value indication. Because benefits received in the future are worth less than identical benefits received in the present, this method weights income projected in early years more heavily than income and sales proceeds received in the future.

16. Inventories

	2018 £000's	2017 £000's	2016 £000's
Finished Stock			
Housing for sale	175	-	-
Work in progress			
House builder land and work in progress	4,627	13,545	13,236
Property developments in progress	11,558	7,260	1,796
Land held for development	42,142	1,291	-
Options to purchase land	-		-
	58,502	**22,096**	**15,032**
Other stock	24	-	-
Total	**58,526**	**22,096**	**15,032**

The value of inventories expensed in cost of sales by the Group in the year was £12.6m (2017 £6.4m). Costs capitalised by the Group during the year include funding costs of £3.0m (2017: £731k), which is capitalised based on site specific cost of borrowings.

During the year the Group conducted a review of net realisable value of its inventories. Where the estimated net realisable value has changed due to movement in costs and revenue estimated, and this was less than carrying value in the balance, the Group has written down the value of inventories. The total amount recognised as an expense was £4.2m (2017: £9.8m)

17. Trade and other receivables

	Group			Company		
	2018	2017	2016	2018	2017	2016
	£000's	£000's	£000's	£000's	£000's	£000's
Current assets						
Trade receivables	865	236	185	7	4	12
Prepayments and accrued income	4,738	4,299	5,602	-	16	-
Amounts owed by related parties	-	-		8,561	106	1,269
Other receivables	4,104	1,290	1,532	223	425	5
	9,707	**5,825**	**7,319**	**8,791**	**551**	**1,286**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Included with prepayments are £1,259k of sales commission which will be recognised in the consolidated statement of total comprehensive income after 12 months.

18. Trade and other payables

	Group			Company		
	2018	2017	2016	2018	2017	2016
	£000's	£000's	£000's	£000's	£000's	£000's
Current liabilities						
Trade payables	4,135	6,395	3,491	361	150	43
Taxation and social security payable	255	224	41	52	-	319
Accruals	2,489	4,534	969	209	28	0
Amounts due to related parties	7,295	-	-	-	1,026	924
Other payables	610	6,012	1,905	7	-	-
	14,784	**17,165**	**6,406**	**629**	**1,204**	**1,286**

Other non-current liabilities relate to customer deposits received for developments expected to complete in 2020 and 2021.

Classification of trade and other payables

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

19. Notes to the cash flow statements:

Group	**2018**	**2017**
	£000s	**£000s**
Profit before Income Tax from		
continuing operations	(4,237)	(23,327)
discontinuing operations	29,654	-
Profit before Income tax including discontinued operations	**25,417**	(23,327)
Adjustments for		
Depreciation	135	120
Increase in investments	-	(84)
Impairment of WIP	-	7,237
Fair value adjustment to investment property	(8,111)	(301)
Revaluation of fixed assets	-	(684)
Finance costs - net	(6,679)	-
(Increase) / decrease in trade receivables	2,796	4,943
Increase in inventories	(36,200)	(14,279)
(Decrease) / increase in trade creditors	(37,362)	17,347
Increase in other provisions	(2,005)	2,949
Net cash from operations	**(62,009)**	(6,079)

Group Reconciliation of changes in liabilities arising from financing liabilities

	2018 £000s	2017 £000s
Opening loans on 1 January	15,782	31,637
Repayment in year	(11,434)	(4,320)
New borrowings	91,542	11,395
	95,890	38,712
Liabilities represented by;		
Third party loans	**95,890**	38,712

Group Net Debt Reconciliation

	2018 £'000	2017 £'000
Cash and cash equivalents	4,198	747
Borrowings - repayable within one year (including overdraft)	41,646	53,445
Borrowings - repayable after one year	49,715	488
Net Debt	**95,559**	**54,680**
Cash and liquid investments	4,198	747
Gross debt - fixed interest rates	91,361	53,933
Net Debt	**95,559**	**54,680**

Company	2018 £000s	2017 £000s
Profit before Income Tax from		
continuing operations	(2,899)	(408)
discontinuing operations		
Profit before Income tax including discontinued operations	**(2,899)**	**(408)**
Adjustments for		
Depreciation and amortisation	6	8
Subsidiary Investments	(41)	-
Increase in trade receivables	(22,815)	(212)
Increase/(decrease) in trade creditors	8,095	69
Increase in other provisions	181	22
Cash generated from operations	**(17,473)**	**(521)**

Company Reconciliation of changes in liabilities arising from financing liabilities

	2018 £000s	2017 £000s
Opening loans on 1 January	1	1
New borrowings	17,457	-
	17,458	1

Liabilities represented by;		
Third party loans	**17,458**	**1**

Company Net Debt Reconciliation

	2018 £'000	2017 £'000
Cash and cash equivalents	222	254
Borrowings - repayable after one year	(17,457)	-
Net Debt	**(17,235)**	**254**
Cash and liquid investments	222	254
Gross debt - fixed interest rates	(17,457)	-
Net Debt	**(17,235)**	**254**

20. Capital risk management

General
The Group has exposure to the following risks;

- Market risk
- Interest rate risk
- Credit risk
- Capital risk
- Revenue risk
- Brexit risk

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group and Company operate within financial risk policies and procedures approved by the Board. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken

.

The Group's and Company's financial instruments principally comprise bank borrowings, cash and cash equivalents, receivables and payables.

(a) Market Risk
The Group is exposed to land and property values via, in the main, their effect on demand for the Group's services.

There is also market risk in respect of development schemes where anticipated sales values of apartments and commercial property may not be realised. The Group is exposed to commodity and materials price risk in respect of contracts which require the Group to contract for the provision of materials some years prior to the date of supply. This risk is managed through purchasing policies and contract arrangements with major suppliers.

(b) Interest rate Risk
The Group has long term borrowings which have fixed rates of interest.

Funding is in place covering the completion of all current projects and there is little interest rate risk associated with this short term financing.

(c) Credit Risk
The Group's credit risk is primarily attributable to its trade receivables and other current assets. During the year ended 31 December 2018, the Group's cash and cash equivalents were predominately held with Lloyds.

The concentration of credit risk from trade receivables and other current assets varies throughout the year depending on the timing of transactions and invoicing of fees. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

20. Capital risk management continued

(d) Capital risk management

The Board's policy is to maintain and develop a strong and flexible capital base in order to maintain investor and creditor confidence.

Similar policies apply also to individual business segments so as to minimise demands for routine trading activities on finance obtained at Group level. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies. The capital structure of the Group consists of cash and cash equivalents, equity and debt.

The Group's and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The capital requirements of the Group's divisions differ, with property development typically requiring equity and debt, and construction and hospitality typically being cash generative but the economic cycle of each business is different.

(e) Revenue Risk

Income from two major clients in relation to residential projects amounted to 69% (2017: 66%) of total Group revenue during 2018.

(f) Brexit Risk

The board continually monitor and assess any potential impact that Brexit may have on the business with a combination of stress tests different scenarios and their impact in combination with other principal risks.

21. Business combinations

On 17 August 2018, Theon Developments Limited acquired 100% of the issued share capital of Westminster Works Limited, in order to acquire the site known as Westminster Works.

Purchase consideration:

	£'000s
Cash paid	502
Loans advanced	7,771
	8,273

The fair value of the acquisition was based upon the red book valuation of the site know as Westminster Works.

The assets and liabilities recognised as a result of the acquisition are as follows:

	£'000s
Inventories – work in progress	7,748
Other debtors	23
Fair value addition to land	502
	8,273

On 31 August 2018, Holloway Holdings (Birmingham) Limited acquired 100% of the issued share capital of Holloway Investments Limited in order to acquire the site known as Holloway Head, Birmingham.

Purchase consideration:

	£'000s
Cash paid	4,321
Loans advanced	17,744
	22,065

The fair value of the acquisition was based upon the red book valuation of the site know as Holloway Head, Birmingham.

The assets and liabilities recognised as a result of the acquisition are as follows:

	£'000s
Inventories – work in progress	15,660
Other debtors	2,084
Fair value addition to land	4,321
	22,065

There were no acquisitions in the year ending December 2017.

22. Discontinued Operations

On 31 December 2018 the group disposed of its shareholding in High Street Commercial Finance and its following subsidiaries:

Subsidiary
High Street Commercial Finance
Ashcroft Mews
Bede Developments
Cuthbert Developments
Frenchgate House Management Limited
Hubertus Developments Limited
The Walled Gardens Gosforth Limited

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

	2018 £'000	2017 £'000
Revenue	3,290	3,509
Direct costs	(7,577)	(8,922)
Gross loss	**(4,287)**	**(5,413)**
Administrative expenses	(1,955)	(174)
Impairment costs	-	(3,766)
Operating loss	**(6,242)**	**(9,353)**
Finance costs	(14,054)	(4,114)
Loss before income tax	**(20,296)**	**(13,467)**
Income tax expense	-	-
Loss for discontinued operations	**(20,296)**	**(13,467)**
Net cash outflow from operating activities	(41,526)	(19,672)
Net cash used in / generated from investing activities	(32)	490
Net cash generated from financing activities	41,424	19,688
Net (decrease) / increase in cash generated by subsidiary	**(134)**	**506**

Nil consideration was received or receivable for the sale of the subsidiaries, which resulted in a gain of £49.9m.

23. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the profit and loss over the period using the effective interest method.

Total borrowings for the Group as at the reporting date was £91m (2017: £54m) broken down by segment in the table below;

	Build to Rent £000's	Hospitality £000's	Property development £000's	Property investment £000's	Group overheads £000's	Total £000's
2018						
Under 1 year	34,317	1,767	4,893	110	559	**41,646**
Greater than 1 year	23,934	2,349	5,208	767	17,457	**49,715**
2017						
Under 1 year	2,314	1,553	10,313	1,001	38,265	53,446
Greater than 1 year	-	-	488	-	-	488
2016						
Under 1 year	0	0	3,878	1,267	21,212	26,357
Greater than 1 year	0	1,081	4,352	0	0	5,433

Company	**2018 £000's**	**2017 £000's**
Under 1 year	559	1
Greater than 1 year	17,457	-

The carrying amounts of assets pledged as security for current and noncurrent borrowings are disclosed in note 26. Additional security is provided in the form of debentures.

As at 31 December 2018, there were no borrowings that had breached their contractual arrangements.

24. Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2018 £000's	**2017 £000's**
Within one year	71	59
Later than one year but not later than five years	129	129
	200	**188**

In addition to the above ongoing obligations, the group have acquired a site at Holloway head that has a ground rent obligation of £60,000 per year on a one hundred and fifty-year lease. It is intended that the site will be sold to an institution at which point the obligation will transfer.

25. Contingent liabilities and other commitments

Liabilities contingent upon the land obtaining planning permission:

	£000s
Quartus Developments Limited	1,039
Serenus Developments Limited	2,856
Total	**3,895**

Pottery Lane (HSG) limited entered into a contract to purchase land know as Pottery Lane as of 18 December 2018. This concluded on 4 January 2019 for £2.4m.

26. Share capital – Group and Company

		Number of Shares	**Ordinary Shares**
Company	Ordinary Shares at 100p each	100	100
Group	Ordinary Shares at 100p each	100	100

27. Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2018	**2017**	**2016**
	£'000s	**£'000s**	**£'000s**
Current			
First Legal Charge			
Inventories - work in progress	**32,067**	9,695	13,656
Total current assets pledged as security	**32,067**	9,695	13,656
Non-Current			
First Legal Charge & Debenture			
Land & Buildings	**6,562**	4,383	2,235
Investment Properties	**10,745**	676	1,451
Fixtures & Fittings	**43**	-	-
Total non-current assets pledged as security	**17,350**	5,059	3,686
Total assets pledged as security	**49,417**	14,754	17,343

28. Related party transactions

The Board and certain members of senior management are related parties within the definition of IAS 24 (Related Party Disclosures).

Transactions between the Group and its Directors

The shares of High Street Commercial Finance Limited were transferred to the Director with effect from 31 December 2018.

The Director has a loan with the company:

	2018	2017
	£000's	£000's
Opening Balance	298	136
Loans made in the period (advances)	239	162
Reduction to loan balance	(454)	-
Closing Balance	83	298

Interest has not been charged on the loan.

Transactions between the Group and its other related parties

The net amounts owed by other related parties, which Gary Forrest is the ultimate controlling party, to the Group at 31 December 2018 totalled £nil (2017: £nil) and the Company owed these related parties £7.3m (2017: £nil).

Transactions between the Company and other related parties

The net amounts owed by other related parties, which Gary Forrest is the ultimate controlling party, to the Company at 31 December 2018 totalled £22.8m (2017: £0.08m) and the Company owed these related parties £6.8m (2017: £0.2m).

Invoices in relation to management charges to other related parties in 2018 totalled £0.5m (2017: £0.3m)

Transactions between the Company and its subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

The amounts owed by subsidiaries to the Company at 31 December 2018 totalled £0.3m (2017: £0.02) and the Company owed subsidiaries £1.4m (2017: £0.9m).

Invoices in relation to management charges to subsidiaries in 2018 totalled £0.1m (2017: £0.5m)

Invoices received in relation to management charges to other related parties in 2018 totalled £0.01m (2017: £nil)

29. Ultimate controlling party

The ultimate controlling party at the reporting date and the date of approval of the financial statements is considered to be Gary Forrest.

30. Parent guarantee

The subsidiary companies listed in Note 14 and identified with (1), have taken advantage of the exemption from audit under S479A of the Companies Act 2006. Accordingly, as the ultimate parent undertaking, High Street GRP Limited has consented to the exemption and in accordance with S479C of the Companies Act 2006, has guaranteed all outstanding liabilities of those companies as at 31 December 2018 until they are satisfied in full.

31. Subsequent events

The following notable events occurred within the Group between 31 December 2018 and the date of signing the consolidated financial statements:

- The acquisition of 100% of First Penthouse Limited, for a consideration of £1.2m.
- The build to rent business acquired a number of sites during this time:
  - Brett Wharf in Gateshead was acquired for £2m (plus overage) without planning permission. The planning application was submitted in October following a number of positive meetings with the planners. This scheme will produce 252 apartments, and terms have been agreed with an investment company to acquire the site on a forward fund basis. Planning was obtained in December 2019.
  - Pottery Lane, Newcastle was acquired for £2.6m without planning permission. The planning application was submitted in November following a number of positive meetings with the planners. This scheme will produce 236 apartments, and terms have been agreed with an investment company to acquire the site on a forward fund basis.
  - Kent Street Birmingham, plot 1 for £20.5m which has planning permission for 408 apartments, 223 of which have already been sold to an investment fund on a forward fund basis for £46.9m. The remaining units have subsequently been agreed to be sold to the same institution on a forward fund basis.
  - The business exchanged contracts, paying a returnable deposit of £1.7m to acquire the Bullring Trading Estate in Birmingham. The full consideration to be paid on the granting of planning permission.
  - The business entered into a joint venture (JV), acquiring 50% of Strawberry Place Developments Limited which will develop a mix used site in Newcastle upon Tyne, and subsequently acquired the shareholding of the JV partner.
  - The business entered into an option to acquire Buildings 3 and 4 The Anchorage, Salford for a consideration of £9.2m.

    The business exchanged contracts, paying a returnable deposit, to acquire the site known as The Irish Centre, in Digbeth, Birmingham.
- Holloway Head in Birmingham has 494 apartments and was sold for £99.8m in September 2019 on a forward fund to Invesco Real Estate.

- Hadrians Tower, Newcastle secured development finance of £23.3m from the Bank of London and Middle East. The development was completed in December 2020.

- Middlewood Plaza, Salford secured development finance of £16m from Topland Jupiter Limited. This finance will fund the remainder of construction costs, which will complete in April 2020. Four units remain unsold.

- Westminster Works, Birmingham secured finance of £31m from Fortwell Capital. This finance repaid the bridging finance of £4m which was outstanding at 31 December 2018 to Octopus, and will fund the remainder of construction works.

On 30 September 2020, High Street Rooftop Holdings Limited, a wholly owned subsidiary of High Street GRP Limited entered into administration.

Since the outbreak of the COVID-19 pandemic in the first quarter of 2020 there has been widespread disruption in the UK and consequently for the Group. As the pandemic accelerated after the year end this event has been classified as a non-adjusting post balance sheet event. The assessment on the ability of the Group to operate as a going concern is disclosed in the Strategic Report on pages 4-7.