

Registered number: 10273135

**Blackmore Bond Plc
Consolidated
Report and Financial Statements**

31 December 2017

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Blackmore Bond Plc
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Blackmore Bond Plc
Group information

Directors

P M McCreesh (appointed 12 July 2016)
P A Nunn (appointed 12 July 2016)
K R West (Chairman appointed 1 November 2017)

Secretary

C Malley

Auditors

Grant Thornton UK LLP
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London
EC2A 1AG

Security Trustee

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Solicitors

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Registered number

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Strategic Report –Statement from the CEO



Introduction

2017 has been an incredibly exciting year for Blackmore Bond Plc showing rapid growth in all areas, pushing ourselves further towards becoming an established property development group. The focus has been on three pillars; developing and expanding our in-house expertise and operational efficiency, diligently creating a diverse, nationwide portfolio of sites, and allowing investors to access returns and markets which previously were out of their reach.

In our constant pursuit of success, a key focus was to bring in-house expertise and experience during 2017. We are delighted to have recruited our new Chairman, Kenneth 'Buzz' West, who has extensive experience running regulated companies with assets under management in excess of £5 billion. This gives us a very strong layer of corporate governance and a wealth of knowledge to draw upon as we grow into the future. Another key addition to the Blackmore family is Ricky Poonia, our new Head of Real Estate. Ricky is a member of RICS and formerly ran the Residential Capital Markets division at BNP Paribas Real Estate. This top level corporate experience makes Ricky the ideal individual to take charge of the Group's real estate acquisitions strategy.

At Blackmore we believe that, while in house expertise is crucial, a key aspect of our success is also in strategic partnerships with industry leading firms who can enhance our offering through their experience. We began this strategy by appointing BNP Paribas Real Estate, as our strategic partner, helping us to source and value potential sites throughout the UK. We then appointed Countrywide and have a strategic partnership in place whereby we have a day to day relationship with the UK's largest estate agency, analysing market demographics to ensure the sites we purchase truly deliver. Having an experienced company managing the sale of units ensures we exit sites on time and deliver projected profits. All of our projects are painstakingly researched using reports from Countrywide, before purchase, are valued by a top tier surveyor from a panel including BNP Paribas Real Estate, Allsop, and Strutt & Parker.

The Group is on target in its growth cycle and projected profitability. The key strategy of our model is to raise funds from investors, and utilise these funds in high growth UK real estate projects in order to generate strong returns over a period of 12 to 24, months depending on the size of project. Therefore, as 2017 was the first full year of trading, the expectation was an inflow of funds from investors, paying of costs and a retaining of a cash balance, with the remainder being invested into projects, the return from which will be realised over 2018 and 2019; following which these funds will be re-deployed into future sites. As such, in 2017 we raised circa £25.4m of funds and have deployed the funds over various property projects.

The consolidated loss before tax of £7,624,631 shown on page 12 of the accounts has primarily arisen from the charging of distribution fees from our strategic partner, Surge Financial Ltd. These are fees charged to the group for sourcing new investor funds and the facilitation of the front and back offices for investor relations. In the period the charge to profit and loss amounted to £2,916,080. Management fees and cross charges of £1,397,700 were also charged to the profit and loss account for the rendering of services from the ultimate holding company, Blackmore Group Ltd.

Blackmore Bond Plc
Strategic Report
Period from 12 July 2016 to 31 December 2017

Strategy

Blackmore Bond Plc currently employs a strategy of build to sell, in predominantly residential units, on a nationwide basis in the UK. While we have some exposure to London, with the market cooling in the centre, moving forward we expect a stronger market for sales and growth to be outside of the capital. The more recent acquisition of a site in Birmingham highlights this well, with the UK's second city entering a strong growth phase, in our opinion.

The core strategy of the Group is to have a diverse portfolio, both in terms of geography and type of development, as this is crucial for mitigating risk. Therefore, our portfolio detailed below spans from London to Devon to Liverpool.

In 2017 we invested into a project with Lusso Homes, a high-end developer based in the South East, with a 15-year track record. Blackmore see investments of this type as a key growth strategy in terms of brand, accessing expertise, and accessing developers with large potential portfolios of off-market projects that the Group can benefit from.

With a great deal of speculation in the market regarding the outlook for the UK coupled with macro economic factors bringing uncertainty; we are exploring avenues to diversify the current model into high growth sectors such as private rent, and investment assets, which we may look to incorporate over 2018/2019 in order to strengthen the Group from potential downturns in certain sectors.

A summary of our current portfolio is detailed below:

Church Barton, Otterford & Colyton, Devon (Blackmore SPV 2 Ltd)

Church Barton, Otterford – a beautiful site 15 minutes from Taunton converting a former barnyard into 6 unique, high quality residential units. Construction began in mid-2017 and is on course for completion during 2018. The latest valuation, in January 2018, shows Gross Development Value (GDV) above original projections, and advice from our sales partners Countrywide suggest off-plan sales of the units should be complete by Q4 of 2018.

Church Hall, Colyton, Devon – a small conversion of a church hall in the heart of sought-after Colyton, within the grounds of the historic church. Conversion will consist of three high end apartments, with construction underway and on target to complete in Q4 of 2018. Both sites are owned by Blackmore SPV 2 Ltd and has a projected Gross Development Value of £3.4m.

St Augustine's Church, Cheadle (Blackmore SPV 3 Ltd)

St Augustine's Church will be our first project to practically complete with construction completion set for April 2018. The sales process is going well with 7 of the 9 apartments having been reserved. The construction of the church posed some challenges however with key value engineering working with our contractors and design team has allowed for a complex project to be delivered on time and on budget. The property is owned by Blackmore SPV 3 Ltd and has a projected GDV of £1.8m.

High Halden, Little Hookstead Farm, Kent (Blackmore SPV 5 Ltd)

This is the development of seven residential units in the sought after commuter belt of Kent, near Tenterden. Phase 1, comprising a Farm House and Oast House (2 units) and phase 2 are in the planning stage. We have had favourable pre-application responses on the conversion of a dutch barn to three high end units, and the conversion of a traditional barn to one high end unit. A permitted development application has been submitted, with consents expected in May 2018. The site is owned by Blackmore SPV 5 Ltd and has a projected GDV of £2.9m.

Blackmore Bond Plc
Strategic Report
Period from 12 July 2016 to 31 December 2017

Strategy (continued)

Steps Cottage, Newton Ferrers, Devon (Blackmore SPV 6 Ltd)

In the picturesque sailing location of Newton Ferrers with waterfront views, this project is for the demolition of an existing bungalow across two plots into two large luxury 5 bed units. Planning has been re-submitted under the advice of the planning department, and consent is expected in May 2018. The site is owned by Blackmore SPV 6 Ltd and has a projected GDV of £2.4m.

Fusion Court, Stratford (Blackmore SPV 7 Ltd)

Fusion Court is a forward purchase from Featherstone Homes of a 17 unit apartment scheme (20 apartments in total including the affordable units which have been sold) close to the Maryland Cross Rail Station, a stone's throw from sought after Stratford and the Olympic Stadium. Construction is well under way, and in order to strengthen the exit strategy we are following two different avenues. Help to Buy is imminently to be registered, which will allow our sales partners to begin selling units in earnest delivering strong profits. We have also received an offer from a wholesale investor to acquire all units, which reduces profit but guarantees exit, an offer we are currently negotiating.

The Group is hoping to sell the properties and make a profit of £1m.

Longridge, Preston (Blackmore SPV 8 Ltd)

This development consists of 54 units overlooking three reservoirs and the stunning Ribble Valley, an area of outstanding natural beauty. The site lies in a conservation area and the units have been sympathetically designed and will be built to exacting standards and using locally sourced materials wherever possible. The construction is being undertaken by Chrome Services Ltd, our construction partner, in four phases and will be completed in 2019. The units in the first phase are available now whilst the development of the second phase has started. Of the 54 units 16 will be affordable and consist of various tenures. Marketing formally commenced in March 2018 with one reservation being taken to date with strong interest in Phase 1 of the development. We are actively reviewing an additional planning application to build a further 7 to 9 dwellings (most likely bungalows) on the south west edge of the site which we will further enhance the GDV without deterring from the views over the Ribble Valley and reservoir. The site is not owned by Blackmore SPV 8 Ltd but is a loan with profit sharing arrangements with an associated group company, called Blackmore Longridge Ltd. Blackmore Longridge Ltd is owned by Blackmore Group Ltd, the ultimate parent company of Blackmore Bond Plc.

The Park, Ealing (Blackmore SPV 9 Ltd)

The Park was Blackmore's first profit sharing investment deal and marks the first of two live projects we are currently partnering with Lusso Homes on. Lusso Homes have an enviable track record in South London and Surrey. The development of 8 luxury homes within a strong commuter suburb, coupled with green space, is progressing well with the delivery of the show home on track for August 2018. There has been strong interest in the houses on offer and we see this continuing with our aim to have 50% reserved by the end of 2018. Blackmore SPV 9 Ltd is a Member of Lusso Ealing LLP, which owns the site.

Oxshott, Surrey (Blackmore SPV 11 Ltd)

This is our second profit sharing investment deal with Lusso Homes in Oxshott which will deliver three of the lowest priced houses in the village of Oxshott. There is also a refurbishment of an existing property on site. We are confident, along with our partners Lusso Homes, that this project will be received well once formal marketing commences in Q2 2018 with construction to take place in November 2018. Blackmore SPV 11 Ltd is a member of Lusso Oakshade Road LLP and the deal was initiated in the post balance sheet period. The site is owned by Lusso Oakshade Road LLP.

Blackmore Bond Plc
Strategic Report
Period from 12 July 2016 to 31 December 2017
Strategy (continued)

Maldon Lodge, Liverpool (Blackmore SPV 13 Ltd)

This development consists of the construction of 24 luxury apartments located in the affluent area of Childwall in south east Liverpool. Housing in the area is mainly large detached and semidetached houses where large areas of greenery are in abundance. With easy access to Liverpool city centre, the motorways and John Lennon Airport, the development will attract high sales values. The apartments will have views over bowling greens and will be in close proximity to local shops and quality restaurants. The property is owned by Blackmore SPV 13 Ltd and has a projected GDV of £7.6m.

Holloway Head, Birmingham (Blackmore SPV 14 Ltd)

The strategic acquisition of this property in Birmingham with consent for 9 units was pursued in light of the positive pre-planning application submitted prior to the acquisition which was received for 30 to 40 residential units. Birmingham has recently seen a strong increase in demand from both domestic and international purchasers seeking residential investments which has helped increase house prices. The HS2 factor is also playing its part. We are in the process of submitting a planning application after detailed meetings with the local authority and real estate advisors over the past 5 months for a revised 34 unit 2 bedroom residential apartment scheme. We are expecting to receive a positive planning decision in Q4 2018. The property is owned by Blackmore SPV 14 Ltd and has a projected GDV of £3.7m for the Group.

Land at Sixhills House, Stevenage (Blackmore SPV 16 Ltd)

The consented development site in Stevenage, Hertfordshire is Blackmore's most ambitious and largest project in terms of quantum of units and GDV. Stevenage is considered a strong emerging commuter town to London with short travel times to Kings Cross. The property is only a short walk from the station, local amenities and the town centre regeneration which this project falls under. The 64 unit scheme with 32 car parking spaces has just been revalued by Countrywide with a GDV of £17.9m. The property is owned by Blackmore SPV 16 Ltd and has a projected GDV of £17.9m, however various options are being considered including an £3.4m refinancing deal with a Singapore based fund.

Key Performance Indicators

The group's strategic aim is to source and acquire sites that return at least a 20% profit return from the Gross Development Value (GDV). From the owned projects detailed above there is a total projected GDV of £39.7m, excluding investments and profit share arrangements. Sites which do not meet the requirements of the profit return are not acquired.

The sourcing of property projects was made using a wide range of industry contacts gained from a background working in the investment sector, as well as research and appraisal techniques developed managing the Blackmore Group's financial product suite.

Performance in terms of typical project criteria

All the property sites acquired / investments entered into have met the following criteria:

- Gross Development Value (i.e. the value of a project once completed) of between £0.7m to £20m.
- Favourable location to ensure easy exit/sale of property.
- Acquisition of property sites at below market value – purchased at 10% below market value.
- A profit margin of above 20% (using RICS valuations).
- A typical project duration between 12 to 24 months.
- Where the site is assessed to be suitable, property loans have been secured to reduce the utilisation of Bond Series investor cash.
- The purchasing of sites across the UK.

Blackmore Bond Plc
Strategic Report
Period from 12 July 2016 to 31 December 2017

Strategy (continued)

Principal Risks and Uncertainties

Market risk

The Group is exposed to any downturns in the property market which are linked to the UK economy i.e. property valuations may fall, the Group may have no guaranteed exit on a property deal for it to recover its capital outlay and government legislative changes. The Group mitigates this risk by strict adherence to its typical project criteria.

Development risk and key contractors / relationships

The development of any property carries execution risk. Unanticipated situations may arise on site or may affect builders or contractors (which may include particular unforeseen circumstances such as the presence of protected wildlife, indecent weather, insolvency affecting contractors, unforeseen ground conditions etc.) each of which may cause increased cost or delay or cause the project to fail.

This risk is mitigated by working with carefully vetted and trusted builders and project managers. The Group is confident that should a supplier fail then a suitable replacement can be found.

The need to raise additional capital in the future

If the plans or assumptions set out in the Group's business plan change or prove to be inaccurate, the Group may require further financing. If the Group is unable to obtain additional financing, as needed, it may be required to reduce the scope of its operations or sell the properties (or a combination of both), and such sale may not be at the values expected by the Directors.

The Group maintains detailed project accounting records which are regularly reviewed by the Head of Real Estate, who is RICS qualified. Regular project meetings are held to review costs and site valuations. The Directors are of the opinion that this risk is mitigated as far as possible.

In line with the Group's typical project criteria, where non-Bond finance can be raised then this is done so to manage liquidity.

Payments to suppliers

The Group adheres to its supplier payment terms which average 30 days, although some key suppliers have asked for advance payment. Because the Group is new, one supplier has asked for weekly payment terms.

This report was approved by the board on 18 May 2018 and signed on its behalf.



P McCreesh

Director

The directors present their report and consolidated financial statements for the period ended 31 December 2017.

Principal activities

The company was incorporated on 12 July 2016 and commenced trading thereon. The group's principal activity during the period was that of identifying property development projects to source, acquire, develop and sell in order to generate a medium to long term profit.

The company is a wholly owned subsidiary of Blackmore Group Ltd, the ultimate parent company. Blackmore Bond Plc's subsidiaries are listed in note 7 of the accounts.

All principal risks and uncertainties facing the company, relevant key performance indicators (both financial and non-financial), financial risk management objectives have been included in the Strategic Report.

Future developments

Blackmore Bond Plc, with its special purpose vehicle property subsidiaries, continues to invest actively in quality development sites across the UK. Some of the projects are pure acquisition and development and some are investments in other development companies or profit sharing arrangements.

The group has not rested since raising its finance via its Series Bonds and is now seeking further fund raising via its own ISA.

Blackmore Bond Plc fully intends to reach the £100m fund raising mark which will expand the group's activities into bigger and better projects.

Operationally the group has moved to new offices in Central Manchester and has secured prestigious offices at 15 Stratton Street, Mayfair, London W1. Its customer support teams for the Bonds are still based in Brighton. As the group grows it will continue to assess its own property requirement.

Going concern

The group's business activities are set out in the Strategic Report on page 2.

At 31 December 2017, the group had consolidated net liabilities of £7,574,631. This has arisen due to the classification of the investor loans as debt rather than equity and the loss of £7,624,631 reported in the current period.

The directors have assessed the future funding requirements of the group and the company. The assessment included a review of our financial forecast and the preparation of sensitivity analysis on the key factors which could affect future cash flow and funding requirements.

Management forecasts involve several significant judgements regarding the timing of sales proceeds being received, development funding being obtained and the levels of continued investor subscriptions. As at the date of this report, the group had only secured external funding on two of the projects and has been using investor subscriptions to fund the other projects.

Blackmore Bond Plc**Registered number:** 10273135**Directors' Report****Going concern (continued)**

In preparing the sensitivity analysis, the impact of certain key sales cash flows being delayed, coupled with a significant reduction in further investor funds, was specifically considered. In this worst-case scenario a material uncertainty would exist if investor money suddenly ceased which would result in the group being unable to pay its contractually committed payments. The group is therefore dependent on continued investor subscriptions, which are not guaranteed.

The directors believe that with the current projects, as detailed in the Strategic Report, there are no reasons to believe that external finance cannot be raised should this be needed; and the directors see no reasons as to why investor monies would stop given that the average monthly inflow in 2018 to date continues to be £1.5m per month. The group is always actively looking at external finance on applicable projects to protect liquidity and develop new investor products. The property development world also offers opportunities to vary the strategy on projects. For example, property can be sold with planning rather than developed, a profit sharing deal can be entered to share risk or site development can be delayed until such time that cash flow improves.

The directors have concluded that these circumstances represent a material uncertainty that cast significant doubt upon the group and parent company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group and parent company have adequate resources to continue in operational existence for the foreseeable future, and can take a number of actions to protect its future operations.

For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Dividends

No dividends are being recommended.

Directors

The following persons served as directors during the period:

P M McCreesh (appointed 12 July 2016)
P Nunn (appointed 12 July 2016)
K R West (Chairman - appointed 1 November 2017)

Directors' responsibilities

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

Directors' responsibilities (continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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


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

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

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

This report was approved by the board on 18 May 2018 and signed on its behalf.



P McCreesh
Director

Blackmore Bond Plc
Independent auditor's report
to the members of Blackmore Bond Plc

Opinion

We have audited the financial statements of Blackmore Bond Plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2017 which comprise, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and 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 opinion.

Material uncertainty relating to going concern

We draw attention to note 1 to the consolidated financial statements, which indicates the dependency of the group and parent company on new investor subscriptions to pay its contractually committed fees. This condition, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt over the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Who we are reporting to

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.

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.

We have nothing to report in this regard.

Blackmore Bond Plc
Independent auditor's report
to the members of Blackmore Bond Plc

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Philip R Westerman
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

18 May 2018

Blackmore Bond Plc
Consolidated Statement of Comprehensive Income
From the period 12 July 2016 to 31 December 2017

	Notes	2017 £
Administrative expenses		(6,045,043)
Operating loss	2	(6,045,043)
Fair value movements on financial assets at fair value through profit and loss	9	(121,599)
Interest receivable	5a	67,584
Interest payable	5b	(1,525,573)
Loss on ordinary activities before taxation		(7,624,631)
Tax on loss on ordinary activities	6a	-
Loss for the financial period		<u>(7,624,631)</u>

The consolidated loss for the period has been derived from continuing operations.

Notes to the financial statements are included on pages 18 to 34.

Blackmore Bond Plc
Consolidated Statement of Financial Position
As at 31 December 2017

	Notes	2017 £
Fixed assets	7	
Investments		1,500,000
 Current assets		
Stocks	8	7,660,465
Debtors	9	9,889,861
Cash at bank and in hand		1,063,964
		<u>18,614,290</u>
Creditors: amounts falling due within one year	10	<u>(2,317,696)</u>
Net current assets		<u>16,296,594</u>
Total assets less current liabilities		<u>17,796,594</u>
 Creditors: amounts falling due after more than one year	11	(25,371,225)
Provisions for liabilities	6b	-
Deferred taxation		<u>(7,574,631)</u>
Net liabilities		<u>(7,574,631)</u>
Capital and reserves		
Called up share capital	13	50,000
Profit and loss account	14	<u>(7,624,631)</u>
Total equity		<u>(7,574,631)</u>



P McCreesh
Director
Approved by the board on 18 May 2018

Notes to the financial statements are included on pages 18 to 34.

Blackmore Bond Plc
Company Statement of Financial Position
As at 31 December 2017

			2017 £
Fixed assets			
Investments	7		<u>1,400</u>
			1,400
Current assets			
Debtors	9	18,178,581	
Cash at bank and in hand		<u>802,590</u>	
		18,981,171	
Creditors: amounts falling due within one year	10	<u>(702,316)</u>	
Net current assets			<u>18,278,855</u>
Total assets less current liabilities			18,280,255
Creditors: amounts falling due after more than one year	11		<u>(25,371,225)</u>
Net liabilities			<u>(7,090,970)</u>
Capital and reserves			
Called up share capital	13		50,000
Profit and loss account	14		<u>(7,140,970)</u>
Total equity			<u>(7,090,970)</u>

The company made a loss for the period of £7,140,970.



P McCreesh
 Director
 Approved by the board on 18 May 2018

Notes to the financial statements are included on pages 18 to 34.

Blackmore Bond Plc
Consolidated Statement of Changes in Equity
From the period 12 July 2016 to 31 December 2017

	Share capital £	Profit and loss account £	Total £
At 12 July 2016	-	-	-
Loss for the financial period	-	(7,624,631)	(7,624,631)
Total comprehensive loss for the period	-	(7,624,631)	(7,624,631)
Shares issued	50,000	-	50,000
At 31 December 2017	<u>50,000</u>	<u>(7,624,631)</u>	<u>(7,574,631)</u>

Notes to the financial statements are included on pages 18 to 34.

Blackmore Bond Plc
Company Statement of Changes in Equity from
the period 12 July 2016 to 31 December 2017

	Share capital £	Profit and loss account £	Total £
At 12 July 2016	-	-	-
Loss for the financial period	-	(7,140,970)	(7,140,970)
Total comprehensive loss for the period	-	(7,140,970)	(7,140,970)
Shares issued	50,000	-	50,000
At 31 December 2017	<u>50,000</u>	<u>(7,140,970)</u>	<u>(7,090,970)</u>

Notes to the financial statements are included on pages 18 to 34.

Blackmore Bond Plc
Consolidated Statement of Cash Flows
Period from 12 July 2016 to 31 December 2017

	2017 £
Operating activities	
Loss for the financial year	(7,624,631)
Adjustments for:	
Interest receivable	(67,584)
Interest payable	1,525,573
Movement on financial assets held at fair value through profit and loss	121,599
Increase in stocks	(7,660,465)
Increase in debtors	(10,011,460)
Increase in creditors	2,317,696
Net cash from operating activities	<u>(21,399,272)</u>
Investing activities	
Payments to acquire investments	(1,500,000)
Interest received	67,584
Cash used in investing activities	<u>(1,432,416)</u>
Financing activities	
Proceeds from the issue of shares	50,000
Receipt of loans from investors	25,648,225
Repayment of investors loan	(277,000)
Interest paid	(1,525,573)
Cash generated by financing activities	<u>23,895,652</u>
Net cash generated	
Cash used in operating activities	(21,399,272)
Cash used in investing activities	(1,432,416)
Cash generated by financing activities	<u>23,895,652</u>
Net cash generated	1,063,964
Cash and cash equivalents at 12 July 2016	-
Cash and cash equivalents at 31 December 2017	<u>1,063,964</u>
Cash and cash equivalents comprise: Cash at bank	<u>1,063,964</u>

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

1. Summary of significant accounting policies

Company information

Blackmore Bond Plc is a public limited company and is incorporated in England and Wales with a Registered Office at Suite 3, Part of Level 1, Xyz Building, 2 Hardman Boulevard, Spinningfields, Manchester, M3 3AQ. The company is limited by shares.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention on a going concern basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The financial statements are presented in Sterling to the nearest pound (£).

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries up to 31st December each year.

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with that entity and has the ability to affect the returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The accounting policies are consistent throughout the group and all intra-group transactions, balances, income and expenses are eliminated on consolidation.

As the consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statement by virtue of section 408 of the Companies Act 2006.

Going concern

At 31 December 2017, the group had consolidated net liabilities of £7,574,631. This has arisen due to the classification of the investor loans as debt rather than equity and the loss of £7,624,631 reported in the current period.

The directors have assessed the future funding requirements of the group and the company. The assessment included a review of our financial forecast and the preparation of sensitivity analysis on the key factors which could affect future cash flow and funding requirements.

Management forecasts involve several significant judgements regarding the timing of sales proceeds being received, development funding being obtained and the levels of continued investor subscriptions. As at the date of this report, the group had only secured external funding on two of the projects and has been using investor subscriptions to fund the other projects.

In preparing the sensitivity analysis, the impact of certain key sales cash flows being delayed, coupled with a significant reduction in further investor funds, was specifically considered. In this worst-case scenario a material uncertainty would exist if investor money suddenly ceased which would result in the group being unable to pay its contractually committed payments. The group is therefore dependent on continued investor subscriptions, which are not guaranteed.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

Significant accounting policies (continued)

Going concern (continued)

The directors believe that with the current projects, as detailed in the Strategic Report, there are no reasons to believe that external finance cannot be raised should this be needed; and the directors see no reasons as to why investor monies would stop given that the average monthly inflow in 2018 to date continues to be £1.5m per month. The group is always actively looking at external finance on applicable projects to protect liquidity and develop new investor products. The property development world also offers opportunities to vary the strategy on projects. For example, property can be sold with planning rather than developed, a profit sharing deal can be entered to share risk or site development can be delayed until such time that cash flow improves.

The directors have concluded that these circumstances represent a material uncertainty that cast significant doubt upon the group and parent company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group and parent company have adequate resources to continue in operational existence for the foreseeable future, and can take a number of actions to protect its future operations.

For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Revenue recognition

Revenue is generated from several income streams:

- The subsidiaries have various property projects. Where the project is one of the development of stock residential property, the income is recognised once a property has been sold and the legal transaction is complete with the acquirer of the property.
- Where the subsidiary has entered into profit sharing fee arrangements; these are either milestone payments which are only recognised once the milestone has been achieved, or a profit share determined once the project is complete.
- Deposits taken for property reservations are held on the balance sheet until the property completes or the reservation is lost by the customer.

Employee benefits

The group provides only statutory benefits to employees.

Short term benefits

Short term benefits, and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. Holiday pay is recognised as an expense in the period in which it relates unless the accrual is immaterial, in which case it is not recognised.

Pension auto-enrolment

All the employees, which are only the directors, have opted out of pension auto-enrolment.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

Significant accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of corporation tax payable in respect of the profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the period end.

Deferred taxation

Deferred tax is provided in full in respect of all timing differences that have originated but not reversed at the balance sheet date where an event has occurred that will result in an obligation to pay more or less tax in the future, except for:

- Provision is not made for the remittance of profit share that would cause tax to be payable where no commitment has been made to the remittance of this profit share; and
- Deferred tax assets are recognised to the extent that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the profit and loss account using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on conversion.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investments in unlisted entities

The investment in Lusso Ealing LLP is included as an unlisted fixed asset investment at cost less any impairments.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are included in the balance sheet at cost.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

Significant accounting policies (continued)

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised.

The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Non-basic financial assets including loans with profit share arrangements are held at fair value. At the end of each financial period, the loans are reassessed and the movement in the fair value is recognised in the Statement of Comprehensive Income.

Financial assets are derecognized when:

- a) The contractual rights to the cash flows from the asset expire or are settled, or
- b) Substantially all the risks and rewards of the ownership of the asset are transferred to another party, or
- c) Despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

Significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

Stocks of properties and work in progress

Stocks of properties purchased, and associated development costs are measured at the lower of cost and net realisable value and classified as stock on the balance sheet.

The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Aborted project costs

Costs incurred on property projects that are aborted are written off to the profit and loss account.

Distribution fees and project management fees

Fees are paid to dedicated suppliers for the above. Where these services constitute a prepayment, they are included at cost on the balance sheet and amortised over the life of the bonds and projects respectively. Services included in distribution fees include:

- Sourcing of investor funds and search engine optimisation
- Front office operations for the on-boarding of investors and account queries
- Back office operations for the ongoing care of investor
- Dealing with investor administration

Services included in project management fees include:

- Dealing with architects, planners and other property consultants
- Dealing with the project building contractors
- Dealing with local authority planning departments and building control

Significant judgements and estimates

The items in the financial statements where these judgements and estimates have been made include the following items:

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Financial assets at fair value through profit and loss

The group has entered into a loan agreement with its return based on profit share arrangements. To calculate the fair value of this loan, the directors have been required to make judgements in respect of the group share of profits and the market rate of interest to use in the calculations. In determining a market rate of interest, the directors have determined that 10% is appropriate and the share of profit has been determined by reference to the project appraisal which is closely monitored.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017
Significant accounting policies (continued)

Going concern

In determining if the group has the ability to continue as a going concern, the directors have been required to make a number of judgements in respect of the level of new bond cash inflows, timing of project cash flows as well as prospective financing. The directors' opinion on the group's ability to continue as a going concern is shown on pages 7 and 18.

Stock valuation

Stock is required to be held at the lower of cost and net realisable value. The directors have performed impairment assessments on each project which consist of comparing the Gross Development Value of each project against the expected project costs to determine if the project will be profit generating. Having performed reasonable sensitivity analysis, the directors have determined that no impairment is required.

Deferral of distribution fees

The distribution fees payable to Surge Financial Ltd cover all services noted above in the accounting policies. The service agreement does not stipulate how the fee is allocated across these services and as such the directors have made a judgement that 50% relates to initial start-up, set up fees and know your client checks and the remaining 50% relates to ongoing servicing of the bond holders. As such, the 50% servicing fee has been deferred and will be expensed over the life of the bonds. If this judgement was not made, then the consolidated loss on page 12, would be £9,837,093.

2. Operating loss

	2017 £
This is stated after charging:	
Distribution fees	3,232,220
Auditors' remuneration for audit services	75,000
Management fees	<u>1,197,500</u>

The consolidated loss of £7,624,631 shown on page 12 of the accounts has primarily arisen from the charging of distribution fees from our strategic partner, Surge Financial Ltd. These are fees charged to the group for sourcing new investor funds and the facilitation of the front and back offices for investor relations. In the period the charge to the profit and loss amounted to £2,916,080, with a further £316,140 being paid to other partners. Management fees and recharges of £1,197,500 and £200,200, respectively, were also charged to the profit and loss account for the rendering of services from the ultimate holding company, Blackmore Group Ltd.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

3. Directors' remuneration

	2017 £
Remuneration	101,167
The highest paid directors are Mr P Nunn & Mr P McCreesh	
They were each paid £49,999 in the period	49,999

4. Staff costs

	2017 £
Directors remuneration	101,167
Social security costs	9,868
	111,035
Average number of employees during the period	Number
Directors	2

The group has no employees other than its directors. No holiday pay accrual has been provided for as the management do not consider it to be material.

5a. Interest received

	2017 £
Other interest received	66,057
Bank interest	1,537
	67,584

Other interest received of £66,057 comprises of the loan interest receivable on short-term loans to third parties, interest is charged at a rate of 10% for 3 months and 15% thereafter. Loans issued during the period amounted to £558,545 and the balance outstanding at the period year end is £357,400.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

5b. Interest payable

	2017
	£
Other loans	20,005
Bond series investor loans	1,505,568
	<u>1,525,573</u>

Bond series investor loans represents the gross interest paid to bond series holders in the period plus an accrual for interest paid after date relating to the period to 31st December 2017.

The balance includes any withholding tax paid to HM Revenue and Customs on behalf of the relevant investor where withholding tax is deducted.

Interest is paid in accordance with the Investor Memorandum pertaining to the Bond Series subscribed to by the investor.

Bond series terms and interest rates are as follow:

- 3 years series at 6.5% annual interest, interest paid quarterly
- 4 years series at 7.5% annual interest, interest paid quarterly
- 5 years series at 8.5% annual interest, interest paid quarterly

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

6. Taxation

	2017 £
(a) Analysis of charge in the period	

Tax charge for the period	-
Tax on loss on ordinary activities	-

Factors affecting tax charge for the period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2017 £
Loss on ordinary activities before tax	(7,624,631)
Standard rate of corporation tax in the UK	19.5%

	£
Tax on ordinary activities multiplied by the standard rate of corporation tax (19.5%)	(1,486,803)

Effects of:

Expenses not deductible for tax purpose	390
Losses carried forward	1,462,699
Deferred tax not recognised	23,714
Current tax charge for period	-

(b) Deferred taxation

	2017 £
As at 12 July 2016	
Deferred tax charged for the period	-
Provision as at 31 December 2017	-

As at 31 December 2017, the group has an unrecognised deferred tax asset, as a result of losses carried forward of £1,462,699.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

7. Investments

Investments – Group	Unlisted entities £	Total £
Cost:		
At 12 July 16	-	-
Additions	1,500,000	1,500,000
At 31 December 2017	<u>1,500,000</u>	<u>1,500,000</u>

Investments in unlisted entities

Name of company	Financial year end	Nature of business
Lusso Ealing LLP	30 June 2017	Property development

Blackmore SPV 9 Ltd has invested £1.5m of investor capital into Lusso Ealing LLP and will receive a share of profits, stipulated by the LLP agreement, in return for this investment. This investment represents 67% of the total investor capital. The company is not a designated member.

Investments – Company

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

Subsidiary undertakings

Name of company	Financial year end	% of voting rights and shares held	Nature of business
Blackmore SPV 2 Ltd	31 December 2017	100%	Property development
Blackmore SPV 3 Ltd	31 December 2017	100%	Property development
Blackmore SPV 4 Ltd	31 December 2017	100%	Dormant
Blackmore SPV 5 Ltd	31 December 2017	100%	Property development
Blackmore SPV 6 Ltd	31 December 2017	100%	Property development
Blackmore SPV 7 Ltd	31 December 2017	100%	Property development
Blackmore SPV 8 Ltd	31 December 2017	100%	Property development
Blackmore SPV 9 Ltd	31 December 2017	100%	Property development
Blackmore SPV 10 Ltd	31 December 2017	100%	Property development
Blackmore SPV 11 Ltd	31 December 2017	100%	Property development
Blackmore SPV 13 Ltd	31 December 2017	100%	Property development
Blackmore SPV 14 Ltd	31 December 2017	100%	Property development
Blackmore SPV 15 Ltd	31 December 2017	100%	Dormant
Blackmore SPV 16 Ltd	31 December 2017	100%	Property development

All the subsidiaries have the same Registered Office as Blackmore Bond Plc. The above subsidiaries are included in the consolidated accounts. Blackmore Bond Plc holds an investment of £100 in each subsidiary. The total share capital issued held as investments in the company was £1,400.

All the companies above are registered in England and Wales.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

8. Stocks	Group 2017 £
Work in progress	7,660,465

Stocks and work in progress includes the following ongoing property projects:

Blackmore SPV 2 Ltd	St Andrews Hall, Colyton, Devon, EX24 6JS
Blackmore SPV 2 Ltd	Church Barns, Otterford, Somerset, PR3 2YB
Blackmore SPV 3 Ltd	St Augustines Church, Stockport, SK3 0JN
Blackmore SPV 5 Ltd	Little Hookstead Fram, High Halden, Kent, TN26 3NH
Blackmore SPV 6 Ltd	Steps Cottage, Devon, PL8 1BW
Blackmore SPV 10 Ltd	91-97 Leytonstone Road, London E14,
Blackmore SPV 13 Ltd	Maldon Lodge, Woolton Rd, Liverpool, L16 8NA
Blackmore SPV 14 Ltd	Holloway Head, Birmingham, B1 1NG
Blackmore SPV 16 Ltd	London Road, Stevenage, SG1 1HF

9. Debtors	Group 2017 £	Company 2017 £
Prepayments	3,535,848	2,266,823
Deposits and monies held by custodians	447,009	447,009
Amounts owed by associates and group undertakings	-	14,696,940
Amounts owed by related parties	978,007	149,117
Financial assets at fair value through profit and loss	2,239,200	-
VAT recoverable	229,725	178,586
Directors loan account	3,667	3,667
Other debtors	2,456,405	436,439
	<u>9,889,861</u>	<u>18,178,581</u>

Prepayments include advance payments to DMUK Ltd, a key supplier, for project management fees and other project costs amounting to £1,269,025 and prepaid distribution fees amounting to £2,212,462 paid to Surge Financial Ltd, a key supplier. Deposits and monies held by the custodians, Wilder and Coe amounting to £447,009 consist of investor funds held on client account and paid to the company after the balance sheet date. Financial assets at fair value through profit and loss relates to a loan provided to Blackmore Longridge Limited, a related party. The return on the loan is based on profit share arrangements and therefore it is held at fair value. The loss on the fair value of the asset as at 31 December 2017 was £121,599.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

	Group 2017 £	Company 2017 £
10. Creditors: amounts falling due within one year		
Trade creditors	65,921	26,526
Amounts owed to related parties	48,000	48,000
Other taxation and social security	1,953	2,103
Other creditors	53,012	12
Accruals	740,638	625,675
Other loans	1,408,172	-
	<u>2,317,696</u>	<u>702,316</u>

Other loans of £1,408,172 consist of external loan balances drawn down at the balance sheet date under the following terms:

Blackmore SPV 13 Ltd

- Repayment date: 13th August 2018
- Interest rate: 0.80% (9.60% per annum)
- Security: The loan has been secured against the property held by Blackmore SPV 13 Ltd and guaranteed by the parent company Blackmore Bond Plc

Blackmore SPV 3 Ltd:

- Repayment date: 10th December 2018
- Interest rate: 0.75% (9.00% per annum)
- Security: The loan has been secured against the property held by Blackmore SPV 3 Ltd and guaranteed by the parent company Blackmore Bond Plc

As noted in Note 18, Phil Nunn and Pat McCreesh have provided personal guarantees in respect of the facilities.

	Group 2017 £	Company 2017 £
11. Creditors: amounts falling due after one year		
Investor loans	25,371,225	25,371,225
	<u>25,371,225</u>	<u>25,371,225</u>

The Investor loans represent funds by way of Bond series fund raises.
These bonds are secured by debenture over the assets of Blackmore Bond Plc and are overseen by the Security Trustee.
Further information can be found in the Information Memorandums issued to investors.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

	Group £	Company £
12. Financial Instruments		
Financial assets held at a fairvalue	2,239,200	-
Financial assets held at amortised cost	2,456,405	436,439
Financial liabilities held at amortised cost	1,522,093	74,526

Group financial assets held at fair value consist of the Blackmore Longridge Ltd loan disclosed in note 9.

Group financial assets measured at amortised cost comprise other debtors disclosed in note 9.

Group financial liabilities measured at amortised cost comprise trade creditors, amounts owed to related parties and loans disclosed in note 10.

13. Share Capital	Nominal	2017 Value	2017
		Number	£
Allotted, called up and fully paid:			
Ordinary shares	£1 each	50,000	50,000

The shares were issued on 12 July 2016 for cash and all the shares rank pari-passu. IAG (Guernsey) Ltd hold security over the shares on behalf of the bondholders

Share capital includes the subscription amounts for the issue of Ordinary Shares at £1 each.

14. Profit and loss

Profit and loss reserve includes all cost incurred which are chargeable to the profit and loss account.

15. Capital commitments	2017 £
Amounts contracted for but not provided in the accounts	129,390
	129,390

16. Post Balance sheet events

There are no post balance sheet events.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

17. Loans to directors description and conditions	B/fwd £	Paid £	Repaid £	C/fwd £
Mr P A Nunn Directors loan account	-	3,667	-	3,667

The directors loan was repaid within 9 months of the year end.

18. Personnel guarantees

The directors, P Nunn and P McCreesh have provided personal guarantees over the other loans shown in note 10.

19 Key Management Personnel

Patrick M McCreesh
Director and Fund Manager

Patrick runs The Blackmore Group of companies with products based in the UK, Isle of Man, Gibraltar and Frankfurt, specialising in Wealth Management and bespoke high net worth strategic planning. Prior to establishing The Blackmore Group, Patrick founded a consultancy business focusing on insurance and holistic financial planning. Patrick gained experience by taking a key role in building a boutique financial consultancy firm in London, responsible for advising clients on all aspects of their wealth management, preservation, investments and long term financial planning. Patrick has an academic background in law, he began his career at Lloyds Bank in the private banking arm where he gained valuable experience in relationship and wealth management. The director was paid £49,999 during the period.

Phillip A Nunn
Director and Fund Manager

Phillip is the CEO of The Blackmore Group. With a team of over 30 staff and consultants Phillip has significant experience in managing and optimising teams with companies in several established financial jurisdictions including The Isle of Man and Gibraltar specialising in wealth management, mezzanine finance angel investment and Commercial property investment. Phillip began his career in the commercial insurance industry, following this by becoming a partner at a mid-sized London consultancy firm, before building The Blackmore Group. The director was paid £49,999 during the period.

Ricky Poonia
Head of Estates

Ricky leads the Real Estate team at The Blackmore Group, where he works collaboratively with the team, partners and stakeholders to identify the very best strategic development, investment and joint-venture opportunities for our multi-asset investment house.

He is a Chartered Surveyor with a wealth of expertise delivering complex and value driven real estate led deals. His core experience has been in strategic investment and capital market deals, underwriting and corporate governance.

Prior to joining the Group, he was Head of the Residential Capital Markets & Investment Team at BNP Paribas Real Estate, which he established in January 2016. There he advised on several forward funding and forward commitment projects, predominately focusing on the emerging Private Rented Sector and the Purpose-Built Student Accommodation sector.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

20.Related party transactions

During the period the group had the following related party transactions:

Name of related party	Nature of relationship	Transactions	Balance at 31 December 2017
Blackmore Estates Ltd	Related by virtue of common control as it is a subsidiary of Blackmore Group Ltd.	During the period the group advanced a loan to a related party; the loan is non-interest bearing.	At the balance sheet date, £136,718 was owed to Blackmore Bond Plc and £580 was owed to Blackmore SPV 2 Ltd.
Blackmore SPV 1 Ltd	Related by virtue of common control as it is a subsidiary of Blackmore Group Ltd.	During the period the group advanced a loan to the related party; the loan is non-interest bearing.	At the balance sheet date, £24,993 was owed to Blackmore Bond Plc, £120,000 was owed to Blackmore SPV 2 Ltd and £450 was owed to Blackmore SPV8 Ltd.
Fernshaw Development Group Ltd	Related by virtue of it being under the control of Mr K R West, a director of Blackmore Bond Plc.	During the period Blackmore Bond Plc accounted for £8,000 of consultancy charges from the related party. £40,000 is included within prepayments as it relate to 2018.	At the balance sheet date, the balance owed to the related party was £48,000.
Blackmore Group Ltd	Related by virtue of it being the parent company of Blackmore Bond Plc.	During the period the related party charged £1,197,500 for management charges incurred. The management charges cover the operational overheads of the parent company in running the activities of Blackmore Bond Plc and its subsidiaries. Additionally, £200,200 was recharged to Blackmore Bond Plc for expenses incurred by the related party on the sub-groups behalf.	At the balance sheet date, £12,730 was owed by Blackmore Bond Plc to Blackmore Group Ltd. Also at the balance sheet date, Blackmore Group Ltd owed £22,500 to Blackmore SPV 7 Ltd.
Wealth Ltd	Related as under the common control of Mr P Nunn.	During the period the group advanced a loan to a related party; the loan is non-interest bearing.	At the balance sheet date, £29,237 was owed to Blackmore SPV 4 Ltd.

Blackmore Bond Plc
Notes of the Consolidated accounts
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Name of related party	Nature of relationship	Transactions	Balance at 31 December 2017
Blackmore Longridge Ltd	Related by virtue of common control as it is a subsidiary of Blackmore Group Ltd.	Blackmore SPV 8 Ltd has advanced development loans to the related party as part of a property related profit sharing arrangement.	At the balance sheet date, £2,895,459 was owed to Blackmore SPV 8 Ltd by Blackmore Longridge Ltd, of which £2,239,200 represents a loan at fair value (see note 9) and the remaining amount of £656,259 relates to working capital funding.
Lusso Ealing LLP	Related by virtue of being an Investor Member.	Blackmore SPV 9 Ltd is an investor member of the LLP and has contributed member's capital of £1,500,000 as part of a wider property deal (see note 7).	At the balance sheet date, the balance owed to the related party was £nil.
Dalgety Bay Consulting Ltd	Related by virtue of it being under the control of R Poonia, a member of the key management personnel team.	The company provides consultancy services to Blackmore Bond Plc. During the period the related party was paid £18,893.	At the balance sheet date, the balance owed to the related party was £nil.
Pension & Life UK Ltd	Related by virtue of it being under the common control of Mr P Nunn and Mr P McCreesh.	During the period Blackmore Bond Plc paid £47,233 in administrative fees to the related party.	At the balance sheet date, the balance owed to the related party was £nil.

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

Blackmore Bond Plc
Notes of the Consolidated accounts
for the period from 12 July 2016 to 31 December 2017

Related party transactions (continued)

Other commercial arrangements

The group has contracted key suppliers during the period.

DMUK Ltd

The above is the key project management supplier to the group.

During the period the supplier was paid £2,516,022 for services and costs related to projects.

Chrome Services Ltd

The above is the key construction partner for current and future projects.

During the period the supplier was paid £131,976 for work completed.

Surge Financial Limited

The above is the key strategic partner for sourcing investors loans and front and back office operations relating to the investors. During the period the supplier was paid £5,128,542.

Should a key supplier cease to provide services to the group the directors believe that alternative suppliers can be contracted.

21. Controlling party

The immediate parent company of Blackmore Bond Plc is Blackmore Group Ltd, a company registered in England and Wales.

The ultimate controlling parties are P Nunn and P McCreesh by virtue of their shareholdings in Blackmore Group Ltd.

Blackmore Bond Plc
Consolidated profit and loss account
for the period from 12 July 2016 to 31 December 2017
This schedule does not form part of the statutory accounts

	2017 £
Administrative expenses	(6,045,043)
Operating loss	<u>(6,045,043)</u>
Fair value movements	(121,599)
Interest receivable	67,584
Interest payable	(1,525,573)
Loss before taxation	<u>(7,624,631)</u>

Blackmore Bond Plc
Detailed Consolidated profit and loss account
for the period from 12 July 2016 to 31 December 2017
This schedule does not form part of the statutory accounts

	2017
	£
Administrative expenses	
Employee costs:	
Directors' salaries	101,167
Employer's NI	9,868
Entertaining	2,000
	<u>113,035</u>
Premises costs:	
Other property costs	255
	<u>255</u>
General administrative expenses:	
Distribution fees	3,232,220
Website	6,800
Bank charges	5,069
Insurance	519,039
Software	30,036
Sundry expenses	33,174
	<u>3,826,338</u>
Legal and professional costs:	
Audit fees	75,000
Accountancy fees	37,514
Admin fees	51,233
Consultancy fees	51,950
Management fees and recharges	1,397,720
Advertising and PR	14,335
Other legal and professional	477,663
	<u>2,105,415</u>
	<u><u>6,045,043</u></u>