Registered No: 10722735

WADDON GREEN LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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COMPANY INFORMATION

COMPANY REGISTRATION NO.
10722735

COMPANY INFORMATION
Waddon Green Limited
33 Welbeck Street
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W1G 8EX

INDEPENDENT AUDITOR
KPMG Channel Islands Limited
37 Esplanade
St Helier
JE4 8WQ
Jersey

ADMINISTRATOR AND REGISTRAR
Sanne Group (UK) Limited
6th Floor
125 London Wall
London
EC2Y 5AS

REGISTERED OFFICE
33 Welbeck Street
London
W1G 8EX

INVESTMENT ADVISOR
London Strategic Land Limited
33 Welbeck Street
London
W1G 8EX

ENGLISH LEGAL ADVISOR
Trowers & Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

JERSEY LEGAL ADVISOR
Mourant
22 Grenville Street
St Helier
JE4 8PX
Jersey

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of Waddon Green Limited (the "Company") for the year ended 31 December 2020. The Company is taking advantage of the small companies exemption provided by section 414B of the Companies Act 2006 in not preparing the Strategic Report.

INCORPORATION

The Company was incorporated in England and Wales on 12 April 2017 as a private company with limited liability under the Companies Act 2006.

PRINCIPAL ACTIVITIES

The purpose of the Company is to invest in real estate located in and around Greater London and increase the value of such investments by obtaining residential led planning consents. On 20 October 2017, the Company listed £2,138,946 of fixed rate unsecured loan notes ("loan notes") on The International Stock Exchange. On 10 November 2020, the unsecured loan notes were redeemed in full.

RESULTS AND DIVIDENDS

The result for the year amounted to a profit of £407,260 (2019: £3,201,652). The Directors paid a dividend of £3,174,501 for the year (2019: £nil).

BUSINESS REVIEW

During the year to 31 December 2020, section 106 approvals were obtained for Plot A, Heath Clark, Waddon Green. Croydon and on 24 September 2020, the Company disposed of Plot A for a gross consideration of £10,800,000. During the year, the Company commenced working on the planning submission for Plot B, for which representations have been made to allow for residential development (currently this plot is safeguarded for educational use).

On 25 November 2020, the unsecured loan notes of £2,138,946 (2019: £2,138,946) were redeemed in full and the accrued interest of £858,927 (2019: £611,189) was fully paid. At the end of year, no interest was payable.

During the year ended 31 December 2020, the Company redeemed 2,976,135 ordinary shares of £1 each to London Strategic Land Fund L.P..

KEY RISKS

The following are the key risks facing the Company:

- *Market risk*: the entity is exposed to the performance of the demand for residential development real estate market which is affected by general economic performance of this sector.
- *The impact of changes in legislation particularly in respect of taxation, planning, environmental legislation and EU directives:* through both the use of experienced professional advisors and direct contact, the Directors comply with current regulations.
- *Financing risk*: the Company is currently ultimately funded by Limited Partners of the London Strategic Land Fund L.P. (the "Partnership"). The Partnership is the Company's immediate parent entity. The Company has processes in place to ensure that funding requirements are monitored and reported to the board of Directors on a regular basis.

GOING CONCERN

As at 31 December 2020, the Company is in a net current asset position of £127,043 (2019: net current liability position of £300,451). The financial statements have been prepared on a going concern basis. which assumes that the Company will continue to meet its liabilities when they fall due, for the foreseeable future.

REPORT OF THE DIRECTORS - (CONTINUED)

GOING CONCERN - (CONTINUED)

Coronavirus disease (COVID-2019)

The current worldwide Coronavirus outbreak commenced in China, being notified to the World Health Organisation ("WHO") by China on 31 December 2019. being declared by the WHO as a Public Health Emergency of International Concern on 30 January 2020 and as a worldwide pandemic on 11 March 2020. The pandemic is ongoing, however since the global immunisation programme, which commenced in early 2021, the effect of the pandemic appears to be stabilising.

Should further funding be required in the short to medium term, financial resources are available from the Partnership. The Directors have assessed that the Company, through its own resources and the Partnership, is able to meet obligations to fund ongoing operational expenses when required. Moreover, the Company does not expect any significant delays in achieving planning consent, as persons in the sector can work from home, nor does it expect the outcome of pending planning applications to be adversely affected.

In the opinion of the Directors, the Coronavirus outbreak has not had a material adverse effect on the financial position and results of the Company, and it is unlikely to do so in the future.

As the Directors believe that the Coronavirus outbreak is not likely to have a material adverse effect on the financial position and results of the Company, the Coronavirus outbreak has had no material impact on the Directors' going concern assessment. Consequently, these financial statements have been prepared on a going concern basis.

DIRECTORS

The Directors who held office during the year ended 31 December 2020 and up to the date of approval of the financial statements were:

Ashley Philip Griffiths
Daniel Remy Cavanagh
Anthea Marie Nembhard

DIRECTORS' INSURANCE AND INDEMNITIES

The Company has maintained throughout the year Directors' liability insurance for the benefit of the Company and its Directors. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which remain in force as at 31 December 2020 and subsequently.

INDEPENDENT AUDITOR

The independent auditor, KPMG Channel Islands Limited, has expressed its willingness to continue in office.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (Adopted IFRSs) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently:
- make judgements and estimates that are reasonable, relevant and reliable;

REPORT OF THE DIRECTORS - (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS - (CONTINUED)

- state whether they have been prepared in accordance with Adopted IFRSs, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

The Directors are 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.

DIRECTORS' CONFIRMATION

Each of the Directors who was a Director at the time when this report is approved confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditor for that purpose, in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

BY ORDER OF THE BOARD

Anthea M Nembhard

Director: Anthea Marie Nembhard
Date: 26 MARCH 2021

Independent Auditor's Report to the Member of Waddon Green Limited

Our opinion

We have audited the financial statements of Waddon Green Limited (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the Company's profit for the year then ended;
- are properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of investment property. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The report of the directors

The directors are responsible for the report of the directors. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

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

- we have not identified material misstatements in the report of the directors;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records and returns; or

Independent Auditor's Report to the Member of Waddon Green Limited (continued)

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on 4 and 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the Company's member, 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 member 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 its member, as a body, for our audit work, for this report, or for the opinions we have formed.

Shaun Farley (Senior Statutory Auditor)

For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)

Chartered Accountants

Jersey

29 March 2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31-Dec-20 £	Year ended 31-Dec-19 £
INCOME			
Rental income		300	-
		300	-
EXPENSES			
Investment advisory fees	15	(100,000)	(100,000)
Audit fees		(21,040)	(12,317)
Administration and accountancy fees	15	(14,050)	(17,250)
Insurance fees		(8,287)	(7,949)
Regulatory fees		(7,045)	(1,157)
Professional fees		(3,650)	(41,697)
Property fees		(3,000)	(3,000)
Other expenses		(1,801)	(9,515)
Bank charges		(97)	(71)
Advisory fees		2,500	(47,240)
Legal fees		-	(15,355)
Consultancy fees		-	(15,238)
		(156,470)	**(270,789)**
OPERATING LOSS		**(156,170)**	**(270,789)**
Finance costs	9	(247,738)	(303,180)
Fair value gain on investment property	5	750,000	4,431,381
Gain on disposal of investment property	5	269,920	-
PROFIT FOR THE YEAR BEFORE TAX		**616,012**	**3,857,412**
Taxation	12	(208,752)	(655,760)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX		**407,260**	**3,201,652**

(The notes on pages 13 to 28 form part of these audited financial statements)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	31-Dec-20	31-Dec-19
		£	£
ASSETS			
Non-current assets			
Investment property	5	2,000,000	11.500.000
Total non-current assets		2,000,000	11,500,000
Current assets			
Cash and cash equivalents	7	451,359	205,294
Trade and other receivables	8	484,800	17,555
Total current assets		936,159	222,849
TOTAL ASSETS		**2,936,159**	**11,722,849**
LIABILITIES			
Non-current liabilities			
Loan notes	9	-	2,750,134
Deferred tax liability	12	361,000	939,996
Total non-current liabilities		361,000	3,690,130
Current liabilities			
Trade and other payables	10	21.368	523,300
Corporation tax liability	12	787,748	-
Total current liabilities		809,116	523,300
TOTAL LIABILITIES		**1,170,116**	**4,213,430**
EQUITY AND RESERVES			
Share capital	11	1	2,976,136
Profit and loss account		1,766,042	4,533,283
TOTAL EQUITY AND RESERVES		**1,766,043**	**7,509,419**
TOTAL LIABILITIES AND EQUITY		**2,936,159**	**11,722,849**

The financial statements for Waddon Green Limited (registered number 10722735) were approved and authorised for issue by the Board of Directors on 26 March 2021.

Director Anthea M Nembhard
Anthea Marie Nembhard

(The notes on pages 13 to 28 form part of these audited financial statements)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		Share capital	Profit and loss account	Total
		£	£	£
Balance as at 1 January 2019		2.138.948	1,331,631	3,470,579
Issuance of shares in the year		837,188	-	837,188
Total comprehensive income for the year		-	3,201,652	3,201,652
Balance as at 31 December 2019		**2,976,136**	**4,533,283**	**7,509,419**

		Share capital	Profit and loss account	Total
		£	£	£
Balance as at 1 January 2020		2,976,136	4,533,283	7,509,419
Redemption of shares in the year	11	(2,976,135)	-	(2,976,135)
Total comprehensive income for the year		-	407,260	407,260
Dividend paid		-	(3,174,501)	(3,174,501)
Balance as at 31 December 2020		**1**	**1,766,042**	**1,766,043**

(The notes on pages 13 to 28 form part of these audited financial statements)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31-Dec-20 £	Year ended 31-Dec-19 £
Cash flows from operating activities			
Profit for the year before taxation		616,012	3,857,412
Adjustments for:			
Unrealised gain on fair value adjustments of investment property	5	(750,000)	(4,431,381)
Realised gain on disposal of investment property	5	(269,920)	-
Finance costs		247,738	303,180
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(467,245)	24,695
Decrease in trade and other payables		3,768	(122,183)
Net cash used in operating activities		**(619,647)**	**(368,277)**
Cash flows from investing activities			
Capital expenditure	5	(114,080)	(318,619)
Proceeds from disposal of investment property	5	10,634,000	-
Net cash generated from/(used in) investing activities		**10,519,920**	**(318,619)**
Cash flows from financing activities			
Proceeds from issuance of shares	11	-	837,188
Redemption of shares		(2,976,135)	-
Repayment of loan notes		(2,997,872)	-
Repayment of shareholder loan		(505,700)	(250,000)
Dividend Paid		(3,174,501)	-
Net cash generated from financing activities		**(9,654,208)**	**587,188**
Net increase/(decrease) in cash and cash equivalents		246,065	(99,708)
Cash and cash equivalents at the beginning of the year		205,294	305,002
Cash and cash equivalents at the end of the year	7	**451,359**	**205,294**

(The notes on pages 13 to 28 form part of these audited financial statements)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Waddon Green Limited (the "Company") was incorporated in England & Wales on 12 April 2017 as a private company with limited liability under the Companies Act 2006. The address of the registered office is 33 Welbeck Street, London, W1G 8EX.

The principal activity of the Company is to buy and sell real estate located in the United Kingdom and increase the value of such investments by obtaining residential led planning consents. The Company is currently ultimately funded by Limited Partners through London Strategic Land Fund L.P. (the "Partnership").

On 30 May 2017, the Company acquired freehold land known as Heath Clark, a 9.41 acres site in Waddon, Croydon, for the purpose of developing residential accommodation. On 24 September 2020, the Company disposed of Plot A, Heath Clark, Waddon for a consideration of £10,800,000.

Loan Notes

On 20 October 2017, the Company listed £2,138,946 of fixed rate unsecured loan notes on the International Stock Exchange. On 25 November 2020, the unsecured loan notes of £2,138,946 were redeemed in full and the total interest amount of £858,927 was repaid. At the end of year, no interest was payable.

Share Capital

During the year ended 31 December 2020, the Company redeemed 2,976,135 ordinary shares of £1 each to London Strategic Land Fund L.P..

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (Adopted IFRSs).

The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of investment property.

The preparation of the financial statements require the use of certain accounting estimates. It also requires management to exercise judgement in applying the accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effects are disclosed in notes 3 and 5.

b) Adoption of new and revised standards

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current year

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, except for the implementation of the amendments to IAS 1 and IAS 8 and the associated amendments to the Conceptual Framework and IFRS Practice Statement 2, all of which relate to the definition of 'material', as referred to below, there are no mandatory New Accounting Requirements applicable in the current period that had any actual or potential material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no other mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are not mandatory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

b) Adoption of new and revised standards - (continued)

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current year - (continued)

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and Amendments to the *Conceptual Framework* and *IFRS Practice Statement 2: Making Materiality Judgements* – "Definition of Material" – effective for accounting periods commencing on or after 1 January 2020

In October 2018, new amendments were issued to achieve a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting and to clarify certain aspects of the definition. The new definition of material in IAS 1 and IAS 8 states that 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The definitions of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of material in IAS 1 and IAS 8.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity is required to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements as a whole.

The previous definition of material referred to 'users' but did not specify their characteristics, which could have been interpreted to imply that an entity is required to consider all possible users of general purpose financial statements when assessing materiality. The amended definition of material now refers to 'primary users', being defined as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information that they need.

The amendments must be applied prospectively. In the Directors' opinion, implementation of these amendments has had no material impact on the recognition, measurement or disclosures in the Company's financial statements.

IFRS 16 amendments, "COVID-19-Related Rent Concessions" – effective for accounting periods commencing on or after 1 June 2020

In May 2020, IFRS 16 Leases was amended to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- There is no substantive change to other terms and conditions of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

b) Adoption of new and revised standards - (continued)

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current year - (continued)

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

In the Directors' opinion, implementation of these amendments has had no material impact on the recognition, measurement or disclosures in the Company's financial statements.

Non-mandatory New Accounting Requirements not yet adopted

All non-mandatory New Accounting Requirements in issue are either not yet permitted to be adopted or, in the Directors' opinion, would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed.

c) Income and cash flow statements

The Company presents its Statement of Comprehensive Income by nature of expense. The Company reports cash flows using the indirect method.

The acquisition of investment property is disclosed as cash flows from investing activities because this most appropriately reflects the Company's business activities.

d) Going concern

As at 31 December 2020, the Company is in a net current asset position of £127,043 (2019: net current liability position of £300,451). The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to meet its liabilities when they fall due, for the foreseeable future.

Coronavirus disease (COVID-2019)

The current worldwide Coronavirus outbreak commenced in China, being notified to the World Health Organisation ("WHO") by China on 31 December 2019, being declared by the WHO as a Public Health Emergency of International Concern on 30 January 2020 and as a worldwide pandemic on 11 March 2020. The pandemic is ongoing, however since the global immunisation programme, which commenced in early 2021, the effect of the pandemic appears to be stabilising.

Should further funding be required in the short to medium term, financial resources are available from the Partnership. The Directors have assessed that the Company, through its own resources and the Partnership, is able to meet obligations to fund ongoing operational expenses when required. Moreover, the Company does not expect any significant delays in achieving planning consent, as persons in the sector can work from home, nor does it expect the outcome of pending planning applications to be adversely affected.

In the opinion of the Directors, the Coronavirus outbreak has not had a material adverse effect on the financial position and results of the Company, and it is unlikely to do so in the future.

As the Directors believe that the Coronavirus outbreak is not likely to have a material adverse effect on the financial position and results of the Company, the Coronavirus outbreak has had no material impact on the Directors' going concern assessment. Consequently, these financial statements have been prepared on a going concern basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

e) Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates: its functional currency. As all investments held by the Company and financing received by the Company are in British Pounds (GBP), this is considered to be the functional and presentation currency of the Company.

Foreign currency translation

Monetary assets and liabilities are translated into GBP at the rate of exchange ruling at the Statement of Financial Position date. Foreign exchange gains or losses resulting from settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are presented net in the Statement of Comprehensive Income.

f) Finance costs

Interest expense is recognised within 'finance costs' in the Statement of Comprehensive Income using the effective interest method.

The effective interest 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 asset or financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

g) Leases

Where the Company is the lessor in an operating lease, the market value of the property leased out are included in investment property in the Statement of Financial Position.

Lease incentives are recognised as a reduction of rental income on a straight line basis over the lease term except where there is a break clause exercisable at the option of the tenant, in which case the incentives are recognised over the year to the break date, where the Directors have a reasonable expectation at the inception of the lease that the break will be exercised. There are no lease incentives at year end.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term investments in an active market with original maturities of three months or less.

i) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property (including property under construction for such purposes).

The Company acquires land for investment purposes.

Investment property is recognised initially at its cost, including related transaction costs and (where applicable) borrowing costs. Where the qualifying asset is measured at fair value, borrowing costs are not capitalised as part of its cost but instead are expensed to the Statement of Comprehensive Income.

After initial recognition, investment property is carried at fair value.

The fair value of investment property reflects, among other things, offers received from third parties, market comparables, rental income from current leases (if applicable) and assumptions about rental income from future leases and/or a rates value and development costs per square foot in the light of current market conditions. See notes 3, 4 and 5 for further details.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

i) Investment property - (continued)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair value are recognised in the Statement of Comprehensive Income.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected.

j) Financial assets

Financial assets are classified under IFRS 9 as financial assets at fair value through profit or loss, fair value through other comprehensive income or at amortised cost, as appropriate. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value, directly attributable transaction costs.

The Company's financial assets consist of trade and other receivables and cash and cash equivalents. They are subsequently measured at amortised cost less provision for impairment. Given the nature of trade and other receivables and cash and cash equivalents and their short length of time between the origination and settlement, their amortised cost is the same as the fair value on the date of origination.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

As required by IFRS 9, all financial assets, except those carried at fair value through profit or loss, are subject to review for impairment at each reporting date. IFRS 9 requires the use of an "expected credit loss" model in the measurement of impairment loss. At initial recognition, an impairment allowance is required for expected credit loss/losses ("ECL") resulting from possible default events within the next 12 months. If an event were to occur that significantly increased the credit risk of the counterparty, an allowance for ECL would be required for projected defaults over the term of the financial instrument. Such a change in credit risk of the counterparty would also have an impact on the recognition of income on the financial asset. As permitted under IFRS 9, the Company has elected to utilise the practical expedient under which any necessary impairment allowance may be measured by estimating the 12 months ECL. IFRS 9 requires the Company to record expected credit losses on all of its loans receivables and other receivables, on a 12 months basis. As at year end the ECL for all assets held at amortised cost amounted to £nil (2019: £nil).

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

k) Financial liabilities

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or amortised cost, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

k) Financial liabilities - (continued)

Financial liabilities include loan notes issued on The International Stock Exchange and trade and other payables and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted and their amortised cost is the same as the fair value on date of origination given the short length of time between origination and date of settlement.

Interest expense is recognised in the Statement of Comprehensive Income. Any gain or loss on derecognition is also recognised in the Statement of Comprehensive Income.

l) Provisions

Provisions are recognised when:

- the Company has a present legal or constructive obligation as a result of past events:
- it is probable that an outflow of resources will be required to settle the obligation: and
- the amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

m) Taxation

Current tax is recognised in the Statement of Comprehensive Income. except to the extent that it relates to items recognised directly in other comprehensive income or equity – in which case, the tax is also recognised in other comprehensive income or equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position in the countries where the Company operates.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the Directors consider that the Company will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

n) Expenses

Expenses are recognised on an accrual basis.

o) Equity

Share capital is recognised at the nominal value of shares issued.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - (CONTINUED)

Investment property

Investment property is carried at fair value which is based on a valuation by Savills, in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the "Red Book", which in the Directors' view is the best estimate of fair value as at 31 December 2020.

The Company's investment property is stated without adjustment at the value calculated by the external valuer.

By necessity a valuation requires subjective judgements that, even if logical and appropriate may differ from those made by a purchaser or another party undertaking a valuation.

The classification for the property held by the Company during the year has been a key area of judgement in the preparation of the financial statements. The Directors have determined that the asset is held as investment property on the basis that this classification most reliably represents the nature of the business. The asset is held for long-term capital appreciation, rather than for sale in the ordinary course of business. This reflects the Company's principal activity of increasing the value of investments by obtaining residential led planning consents. The asset is neither owner occupied nor is it held under finance lease.

On disposal of Plot A, Heath Clark, Waddon Green, the Directors applied their judgement in allocating the cost of the freehold land between Plot A and Plot B.

Overage

Further to the purchase of "Health Clark", a possible obligation arose for the Company to pay an overage on the investment cost based on the expected number of units of accommodation for which planning consent can be obtained above 128 units. This overage has been factored into the valuation of Heath Clark as determined by the external valuer.

4. FAIR VALUE ESTIMATION

The Company's assets and liabilities measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring their fair value in accordance with IFRS 13:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the valuation date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 inputs are inputs other than quoted prices in active markets included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include the following:
  a. Quoted prices for similar assets or liabilities in active markets.
  b. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
  c. Inputs other than quoted prices that are observable for the asset or liability (e.g. interest rate and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates).
  d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own assumptions about how the market measures the fair value.

4. FAIR VALUE ESTIMATION - (CONTINUED)

Assets and liabilities are always categorised as Level 1, 2 or 3 in their entirety. In certain cases, the fair value measurement for financial assets and liabilities may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, their level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgement and is specific to the financial asset or liability.

The policies for determining when transfers take place are as follows: transfers are made from Level 1 to Level 2 when the level of trading activity reduces significantly and transfer from Level 3 to Level 2 when information on a similar asset traded in an active market becomes available.

The Company has satisfactory title to all owned assets appearing in the Statement of Financial Position and no pledges had been made on such assets at the year end.

The Company's assets and liabilities that are measured at fair value are classified as follows:

As at 31 December 2020	Level 1	Level 2	Level 3
	£	£	£
Investment property	-	-	2,000,000
	-	-	**2,000,000**

As at 31 December 2019	Level 1	Level 2	Level 3
	£	£	£
Investment property	-	-	11,500,000
	-	-	**11,500,000**

There were no transfers between the hierarchy levels during the current year and prior year.

5. INVESTMENT PROPERTY

On 30 May 2017, the Company acquired freehold land known as Heath Clark, a 9.41 acres site located on Duppas Hill Road, Croydon for the purpose of developing residential accommodation subject to obtaining planning permission.

The Company uses an external professional valuer to determine the investment property fair value. The valuation was performed by Savills, an independent valuer not related to the Company, in accordance with the RICS Valuation Standards (the 'Red Book'). For the year ended 31 December 2019, a desktop valuation was performed by Savills on a strictly without liability and non reliance basis upon which the Directors produced their valuation. Whilst the Directors have opted for a full Red Book valuation of the year ended 31 December 2020, there is no change to the fundamental valuation technique adopted by the valuer.

	31-Dec-20	31-Dec-19
	£	£
Opening fair value	11,500,000	6,750,000
Capital expenditure	114,080	318,619
Proceeds from disposal, net	(10,634,000)	-
Gain on disposal	269,920	-
Unrealised gain on investment property at fair value through profit or loss	750,000	4,431,381
Closing fair value	**2,000,000**	**11,500,000**

5. INVESTMENT PROPERTY - (CONTINUED)

During the year to 31 December 2020, section 106 approvals were obtained for Plot A and on 24 September 2020, the Comany disposed of Plot A. Heath Clark, for a gross consideration of £10.800.000. Plot A was 4.24 acres, which equates to approximately £2.553.000 per acre. During the year, the Company commenced working on the planning submission for Plot B, for which representations have been made to allow for residential development (currently this plot is safeguarded for educational use).

The Directors have opted to carry this property at a fair value of £2,000,000 as a reasonable estimate based on a Red Book valuation by Savills as at 31 December 2020 (2019: £1.250.000). In deriving the valuation. Savills have considered comparable transactions, the anticipated outcome of the planning application, the location of the land and other relevant factors. The key comparable determined by the valuer and used in the valuation was the value per acre achieved on the sale of Plot A, discounted at a rate of 85% to reflect current perceived planning risk and overage due under the acquisition contract. An increase in the average value per acre or a decrease to the amount of the discount applied thereon would increase the fair value of the investment property and a decrease in the average value per acre or an increase to the amount of the discount applied thereon would decrease the fair value of the investment property.

Other judgements and assumptions relating to the valuation of the above investment property have been included in note 3.

Contingencies and Commitments

Further to the purchase of "Health Clark", a possible obligation arose for the Company to pay an overage on the investment cost based on the expected number of units of accommodation for which planning consent can be obtained above 128 units. This overage has been factored into the valuation of Heath Clark as determined by the external valuer.

6. FINANCIAL RISK MANAGEMENT

The Directors carry out the risk of management function in respect of financial risks of the Company. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting year. Financial risk comprises credit risk, liquidity risk and market risk (including currency risk, price risk and interest rate risk). The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Company's financial assets and financial liabilities comprise of cash and cash equivalents, trade and other receivables, loan notes issued and trade and other payables that arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The Directors reviews and agrees policies for managing its risk exposure. These policies are described within this note and have remained unchanged for the year under review.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an contractual obligation. The Directors believe that the Company does not face any significant exposure to credit risk.

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	31-Dec-20	31-Dec-19
	£	£
Cash and cash equivalents	451.359	205.294
Trade and other receivables (excluding prepayments)	479.496	13.766
	930,855	**219,060**

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

a) Credit risk - (continued)

The fair value of cash and cash equivalents and trade and other receivables at 31 December 2020 approximates the carrying value. Further details regarding trade and other receivables can be found in note 9. There is a significant concentration of credit risk with respect to cash and cash equivalents at 31 December 2020. Cash balances were held with Barclays Bank Plc.

The following table is a summary of the banking institution's credit rating per Moody's, S&P and Fitch. credit rating agents as at the reporting date:

31-Dec-20	Moody's	S&P	Fitch
Barclays Bank Plc	A1	A	A+

31-Dec-19	Moody's	S&P	Fitch
Barclays Bank Plc	A1	A	A+

b) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company's liquidity position is reviewed by the Directors as part of its quarterly review.

The Company manages its liquidity risk by maintaining cash levels to cover the Company's short-term operating expenses. loan notes and interest expense. Further, the Company receives funding from the Partnership as and when needed.

The table below summarises the maturity profile of the Company's exposure to liquidity risk based on undiscounted contractual maturities as at 31 December 2020 and 31 December 2019:

Financial assets - due within one year	31-Dec-20 £	31-Dec-19 £
Cash and cash equivalents	451,359	205,294
Trade and other receivables (excluding prepayments)	479,496	13,766
	930,855	**219,060**

Financial liabilities - due within one year	31-Dec-20 £	31-Dec-19 £
Accruals	(21,368)	(14,000)
Trade and other payables	-	(3,000)
Amounts due to the Partnership	-	(78,100)
Loan due to the Partnership	-	(427,600)
Intercompany payable - Arena Lakeside Limited	-	(600)
	(21,368)	**(523,300)**

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

b) Liquidity risk - (continued)

Financial liabilities - due after one year	31-Dec-20 £	31-Dec-19 £
Loan notes	-	(2.138.946)
Interest on loan notes until maturity	-	(1.482.082)
	-	**(3,621,028)**
Net liquidity risk	**909,487**	**(3,925,268)**

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

IFRS 7 requires disclosure of a 'sensitivity analysis' for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

Sensitivities to market risks included are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

i) Currency risk

The Company is currently not exposed to significant foreign currency risk as material transactions are all in GBP.

ii) Price risk

The Company is not exposed to the market risk with respect to financial instruments as it does not hold any marketable financial instruments.

iii) Interest rate risk

The Company holds a cash balance with Barclays Bank Plc. The balance exposes the Company to cash flow interest rate risk as the Company's income and operating cash flows will be affected by movements in the market rate of interest. In the opinion of the Directors, there is no material interest rate risk in regard to the balance.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities. Loan notes issued carried a fixed interest rate and thus there had been no interest rate risk in respect of this financial liability. On 10 November 2020, the unsecured loan notes were redeemed in full.

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

c) Market risk - (continued)

iii) Interest rate risk - (continued)

The tables below summarise the Company's exposure to cash flow interest rate risk.

31 December 2020	**Non-interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Financial assets	**£**	**£**	**£**	**£**
Cash and cash equivalents	-	-	451,359	451,359
Trade and other receivables (excluding prepayments)	479,496	-	-	479,496
	479,496	**-**	**451,359**	**930,855**
Financial liabilities				
Trade and other payables	(21,368)	-	-	(21,368)
	(21,368)	**-**	**-**	**(21,368)**

31 December 2019	**Non-interest bearing**	**Fixed rate**	**Floating rate**	**Total**
Financial assets	**£**	**£**	**£**	**£**
Cash and cash equivalents	-	-	205,294	205,294
Trade and other receivables (excluding prepayments)	13,766	-	-	13,766
	13,766	**-**	**205,294**	**219,060**
Financial liabilities				
Loan notes	-	(2,750,134)	-	(2,750,134)
Trade and other payables	(523,300)	-	-	(523,300)
	(523,300)	**(2,750,134)**	**-**	**(3,273,434)**

The average effective rate of interest applicable to cash and cash equivalents for the year ended 31 December 2020 was approximately 0% (2019: 0%).

iv) Sensitivity analysis

As of 31 December 2020, if interest rates had been 50 basis points higher with all other variables held constant, net asset value for the year would have been £2,770 higher (2019: £1,026).

As of 31 December 2020, if interest rates had been 50 basis points lower with all other variables held constant, net asset value for the year would have been £2,770 lower (2019: £1,026).

The Company does not have significant variable exposure to price or foreign exchange risk and therefore no sensitivity analysis for these risks has been disclosed.

6. FINANCIAL RISK MANAGEMENT - (CONTINUED)

d) Capital risk management

The capital of the Company is represented by its share capital. The Company's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns for the shareholder and to maintain a strong capital base to support the investment activities of the Company. In order to maintain or adjust the capital structure, the Company may drawdown from the shareholder, obtain external financing or withhold from distributing funds to the shareholder.

7. CASH AND CASH EQUIVALENTS

	31-Dec-20	31-Dec-19
	£	£
Cash at bank	451,359	205,294

8. TRADE AND OTHER RECEIVABLES

	31-Dec-20	31-Dec-19
	£	£
Trade receivable	1	1
Prepayments	5,304	3.789
Intercompany receivable - Arena Lakeside Limited	436,255	-
VAT receivable	43,240	13,765
	484,800	17,555

9. LOAN NOTES

	Listed	Unlisted	Interest	Total
As at 1 January 2019	**2,138,946**	**-**	**308,008**	**2,446,954**
Loan notes issued / interest charged	-	-	303.180	303,180
As at 31 December 2019	2,138,946	-	611,188	2,750,134
Loan notes issued / interest charged	-	-	247.738	247.738
Loan notes redeemed / interest paid	(2.138,946)	-	(858.926)	(2,997.872)
As at 31 December 2020	-	-	-	-

London Strategic Land Fund GP Limited, on behalf of the Partnership, was the registered holder of £2,138,946 loan notes which were listed on the The International Stock Exchange. The listed notes were unsecured and bore interest at 12% per annum, compounded on 31 December each year. On 10 November 2020, the unsecured loan notes of £2,138,946 (2019: £2,138,946) were redeemed in full and the accrued interest of £858,926 (2019: £611,188) was fully paid. As at 31 December 2020, no interest was payable (2019: £611,188).

10. TRADE AND OTHER PAYABLES

	31-Dec-20	31-Dec-19
	£	£
Accruals	21,368	14,000
Trade and other payables	-	3,000
Amounts due to the Partnership	-	78,100
Intercompany payable - Arena Lakeside Limited	-	600
Loan due to the Partnership	-	427,600
	21,368	**523,300**

11. SHARE CAPITAL

	31-Dec-20	31-Dec-19
	£	£
Issued and fully paid:		
1 ordinary shares at £1 per share (2019: 2,976,136 ordinary shares at £1 each)	1	2,976,136
	1	**2,976,136**

During the year ended 31 December 2020, the Company redeemed 2,976,135 ordinary shares of £1 each to London Strategic Land Fund L.P..

Rights of the ordinary shares

The shares have attached to them full voting, dividend and capital distribution rights, including on a winding up; they do not confer any rights of redemption to the shareholder.

12. TAXATION

	31-Dec-20	31-Dec-19
	£	£
Current tax:		
UK Corporation tax charge on profit for the year at 19% (2019: 17%)	787,748	-
Deferred tax:		
Deferred tax (credit)/charge for the year at 19% (2019: 17%)	(578,996)	655,760
Total tax charge for the year	**208,752**	**655,760**

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12. TAXATION - (CONTINUED)

a) Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2019: 17%). Reconciliation from operating profit to taxable profits is below:

	31-Dec-20	31-Dec-19
	£	£
Profit on ordinary activities before tax	616.012	3,857.412
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 17%)	117,042	732,908
Effects of:		
Tax saving attributable to indexation allowance	(18,877)	-
Change in tax rate (please see (c) below)	110.587	(77,148)
Total tax charge for the year	**208,752**	**655,760**

b) Deferred tax balances

The balance comprises temporary differences attributable to:

	31-Dec-20	31-Dec-19
	£	£
Deferred tax liability	**361,000**	**939,996**
Opening balance	939.996	284.236
Charged/(credited) to profit or loss		
- fair value (loss)/gain on investment property	(768,365)	753,335
- tax losses	189.369	(97.575)
Deferred tax liability	**361.000**	**939,996**

c) Factors affecting current and future tax charges

The current United Kingdom corporation tax rate is 19.0% which has been in place since 1 April 2017. The UK government had announced that the UK corporation tax rate would reduce to 17.0% by April 2020, which was the rate used to calculate the deferred tax liability as at 31 December 2019. However, in Budget 2020, it was further announced that the rate of corporation tax would continue to remain at 19.0% from 1 April 2020 and also from 1 April 2021.

The deferred tax has therefore been provided at a rate of 19%.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13. AUDITOR'S REMUNERATION

During the year, audit fees amounted to £17.360 (period ended 2019: £15.720).

14. CONTROLLING PARTY AND ULTIMATE CONTROLLING PARTY

The Partnership, a limited partnership established in Jersey, the Channel Islands is the immediate parent of the Company. There is no ultimate controlling party over the Partnership.

15. RELATED PARTY DISCLOSURES

In 2017, the Company entered into an intercompany loan agreement with London Strategic Land Fund GP Limited (the "General Partner") on behalf of the Partnership. The agreed loan amount of £4,277,894 of which £4.205,528 was received by the Company on 31 May 2017. From the loan, £2,138.948 was converted into shares and issued to the Partnership on 31 May 2017 and £2.138.946 was converted into fixed rate unsecured loan notes, held by the Partnership, listed on The International Stock Exchange bearing a 12% fixed interest rate.

On 10 November 2020, the unsecured loan notes of £2,138,946 (2019: £2,138,946) were redeemed in full and the accrued interest of £858,927 (2019: £611,189) was fully paid, the Company redeemed 2,976,135 ordinary shares of £1 each to London Strategic Land Fund L.P..The Company repaid in full, an interest free loan to the Partnership, totalling £427,600 (2019: £427,600) and £78.100 (2019: £78.100).

During the year to 31 December 2020, the Company provided interest free loans to Arena Lakeside Limited totalling £436,255 (2019: £nil). The full amount was receivable at the year end and is repayable on demand.

Investment advisory fees

London Strategic Land Limited (the "Investment Advisor") provides investment advisory services to the Company. The investment advisory fees for the year amounted to £100,000 (2019: £100.000), of which £nil (2019: £nil) was outstanding at the year end.

Directors' fees

Directors' fees are not separately incurred by the Company.

Administration and accountancy fees

Simon Vardon, Robin Baird and Kelly Moore were all Directors of the General Partner during the year. They all hold a financial interest in Sanne Group Plc, a company listed on the London Stock Exchange, which is the parent company to Sanne Group (UK) Limited ("SG(UK)L").

SG(UK)L receives a fee in respect of its services provided to the Company. During the year, fees payable to SG(UK)L amounted to £14,050 (2019: £17,250) of which £nil (2019: £nil) was outstanding at year end.

16. MARKET CONDITIONS

Whilst the United Kingdom's transition period ended on 31 December 2020, following it's exit from the European Union, there remains a degree of uncertainty on the long-term macro-economic impact of Brexit. It is currently unclear what the impact of the withdrawal will have on the real estate industry, particularly market values of investment property which are reliant on a pool of investors and availability of financing. The Directors believe that, given the investment objectives of the Company, the Company is well positioned to navigate through any volatility experienced in the retail sector over the next 12 months.

17. SUBSEQUENT EVENTS

There are no events after the balance sheet date that require adjustments to or disclosures in the financial statements.