NORTHACRE LIMITED

Company No: 03442280

# CONSOLIDATED FINANCIAL STATEMENTS

# FOR THE YEAR ENDED

# 31st DECEMBER 2021

# Company Information

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|---|---|
| **Company number:** | 03442280<br>Registered in England and Wales |
| **Registered office:** | 8 Albion Riverside<br>8 Hester Road<br>London<br>SW11 4AX |
| **Directors:** | N. Barattieri di San Pietro<br>A.P.D. Edgley<br>F.T. Khan<br>W. El-Hindi |
| **Secretary:** | Elemental Company Secretary Limited<br>27 Old Gloucester Street<br>London<br>WC1N 3AX |
| **Bankers:** | Royal Bank of Scotland<br>6th Floor<br>1 Princes Street<br>London<br>EC2R 8BP |
| **Auditors:** | Moore Kingston Smith LLP<br>Devonshire House<br>60 Goswell Road<br>London<br>EC1M 7AD |
| **Registrars:** | Link Asset Services<br>The Registry<br>34 Beckenham Road<br>Beckenham<br>Kent<br>BR3 4TU |
| **Solicitors:** | Bryan Cave Leighton Paisner LLP<br>Adelaide House<br>London Bridge<br>London<br>EC4R 9HA |
| **Corporate website:** | www.northacre.com |

# Directors' Report
# For the year ended 31st December 2021

The Directors have pleasure in presenting their Directors' Report and Group financial statements for the year ended 31st December 2021.

**Dividends**

No final dividend has been declared prior to the approval of these financial statements and the Board will continue to actively consider the payment of dividends.

**Directors and their interests**

The following Directors have held office since 1st January 2021:
N. Baratticri di San Pietro
M. Kheriba (resigned 24th February 2021)
F.T. Khan
A.P.D. Edgley
W.H. El-Hindi (appointed 2nd March 2021)

None of the Directors who served the Company during the year had any interests (including family interests) in the shares of the Company, at the beginning and end of the year. There has been no change in the interests (including family interests) of Directors since 31st December 2021 and up to the date of this report.

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the annual report and 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 the Directors have elected to prepare the Group and Company financial statements in accordance with UK adopted international accounting standards.

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 Group and of the Company and the financial performance and cash flows of the Group for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether in preparation of the Group and Company financial statements the Group has complied with UK adopted international accounting standards, subject to any material departures disclosed and explained in the Group financial statements; and
- prepare the accounts 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 Group'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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

**The Board of Directors**

At the date of this report, the Group Board was made up of four Directors. The Board of Directors is responsible for the management, overall strategy and direction of the Group and meets as and when required throughout the year. At each meeting a proper agenda is presented noting all the matters that require discussion and approval by the Directors. Generally, the information available for discussion consists of project and financial updates.

The Board reserves the right to approve key decisions to ensure it retains proper control and direction of the Group whilst delegating authority to individual Directors who are responsible for day-to-day management of the business.

All Directors have, at the Company's expense, access to the services of the Company Secretary and where necessary, appropriate independent professional advisors.

**Board appointments**

Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director by ordinary resolution (of the shareholders) or by a decision of the Directors. All appointments to the Board are discussed amongst Directors and each member is given the opportunity to meet the individual concerned prior to the appointment being made.

**The Remuneration Committee and the Audit Committee**

In July 2019 the Board passed a written resolution and agreed that, due to the size of the Company and the current composition of the Board, the Audit Committee and the Remuneration Committee are no longer required or practical and that the Board will undertake the duties of those committees itself.

# Directors' Report
# For the year ended 31st December 2021 (Continued)

**Internal control**

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The purpose of the system of internal control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority. In particular there are detailed procedures for capital investment into new development schemes and the approval of financial reporting. The Board has reviewed the need for an internal audit team and concluded that given the size of the Group it is not currently appropriate to employ such a function.

The Board has an Authority matrix which is designed to establish internal controls over payment approvals and the execution of legal agreements, representing a further risk management mechanism.

**Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and on-going review by management. Compliance with regulation, legal and ethical standards is a high priority for the Group and the Group's finance department takes on an important oversight role in this regard. The Board is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

**Future developments**

The Group continues to actively source new developments to grow its portfolio while exploring new strategies to increase fee income.

**Statement of disclosure to auditors**

(a) so far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

**Auditors**

The auditors, Moore Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**By Order of the Board**

Niccolò Barattieri di S. Pietro

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**N. Barattieri di San Pietro**
Director

Date: 16th March 2022

## Independent Auditors' Report to the Members of Northacre Limited

We have audited the financial statements of Northacre Limited (the 'parent company' and its subsidiaries (the 'group')) for the year ended 31st December 2021 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 31st December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 financial statements section of our report. We are independent of the group 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's and group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

## Independent Auditors' Report to the Members of Northacre Limited (continued)

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, 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 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 is available on the FRC's website at https://www.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for

This description forms part of our auditor's report.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Group and considered that the most significant are the Companies Act 2006, International Financial Reporting Standards, and UK taxation legislation.
- We obtained an understanding of how the Group complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

**Use of our report**

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

Moore Kingston Smith LLP

Matthew Banton (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

16th March 2022

Devonshire House
60 Goswell Road
London
EC1M 7AD

## Consolidated Income Statement
## For the year ended 31st December 2021

| | Note | Year ended 31st Dec 2021 | Year ended 31st Dec 2020 |
|---|---|---|---|
| | | £ | £ |
| **Group** | | | |
| **Group revenue** | | 2,792,981 | 8,194,863 |
| Cost of sales | | (43,199) | (5,067,403) |
| **Gross profit** | | 2,749,782 | 3,127,460 |
| Administrative expenses | | (3,033,671) | (3,487,661) |
| Exceptional item | 8 | (789,558) | - |
| **Group loss from operations** | | (1,073,447) | (360,201) |
| Investment revenue | 3 | 119,788 | - |
| Finance costs | 4 | (5,071) | (48,344) |
| **Loss for the year before taxation** | 5 | (958,730) | (408,545) |
| Taxation | 7 | - | - |
| **Loss for the year attributable to equity holders of the Company** | | (958,730) | (408,545) |

## Consolidated and Company Statements of Comprehensive Income
## For the year ended 31st December 2021

| | Year ended 31st Dec 2021 | Year ended 31st Dec 2020 |
|---|---|---|
| | £ | £ |
| **Group** | | |
| **Loss for the year attributable to equity holders of the Company** | (958,730) | (408,545) |
| Other comprehensive loss: | | |
| Change in fair value of financial assets | (5,413,193) | - |
| **Total comprehensive loss for the year** | (6,371,923) | (408,545) |
| | | |
| **Company** | | |
| **Loss for the year attributable to equity holders of the Company** | (7,086,992) | (1,384,015) |
| Other comprehensive loss | - | - |
| **Total comprehensive loss for the year** | (7,086,992) | (1,384,015) |

# Consolidated Statement of Financial Position
## As at 31st December 2021

| | Note | 31st Dec 2021 | 31st Dec 2020 |
|---|---|---|---|
| | | £ | £ |
| **Non-current assets** | | | |
| Goodwill | 8 | 7,217,859 | 8,007,417 |
| Property, plant and equipment | 9 | 60,587 | 92,985 |
| Financial assets at fair value through OCI | 10(a) | 4,856,811 | 10,000,004 |
| | | 11,865,257 | 18,100,406 |
| **Current assets** | | | |
| Inventories | 11 | - | 10,647 |
| Trade and other receivables | 12 | 1,667,036 | 559,000 |
| Cash and cash equivalents | | 261,226 | 1,520,036 |
| | | 1,928,262 | 2,089,683 |
| **Total assets** | | 13,793,519 | 20,190,089 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | 1,464,421 | 1,489,068 |
| Borrowings, including lease finance | | - | - |
| | | 1,464,421 | 1,489,068 |
| **Non-current liabilities** | | | |
| Borrowings, including lease finance | | - | - |
| | | - | - |
| **Total liabilities** | | 1,464,421 | 1,489,068 |
| **Equity** | | | |
| Share capital | 15 | 1,058,388 | 1,058,388 |
| Share premium account | 15 | 22,565,286 | 22,565,286 |
| Retained earnings | | (11,294,576) | (4,922,653) |
| **Total equity** | | 12,329,098 | 18,701,021 |
| **Total equity and liabilities** | | 13,793,519 | 20,190,089 |

Approved by the Board on 16th March 2022

Niccolò Barattieri di S. Pietro

N. Barattieri di San Pietro.................................................
Director
Company registration no. 03442280

# Company Statement of Financial Position
## As at 31st December 2021

| | Note | 31st Dec 2021 | 31st Dec 2020 |
|---|---|---|---|
| | | £ | £ |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 48,450 | 75,476 |
| Investments | 10(b) | 11,804,666 | 18,006,082 |
| | | 11,853,116 | 18,081,558 |
| **Current assets** | | | |
| Trade and other receivables | 12 | 1,502,619 | 184,023 |
| Cash and cash equivalents | | 33,457 | 67,864 |
| | | 1,536,076 | 251,887 |
| **Total assets** | | 13,389,192 | 18,333,445 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | 6,197,211 | 4,054,472 |
| Borrowings, including lease finance | | - | - |
| | | 6,197,211 | 4,054,472 |
| **Non-current liabilities** | | | |
| Borrowings, including lease finance | | - | - |
| | | - | - |
| **Total liabilities** | | 6,197,211 | 4,054,472 |
| **Equity** | | | |
| Share capital | 15 | 1,058,388 | 1,058,388 |
| Share premium account | 15 | 22,565,286 | 22,565,286 |
| Retained earnings | | (16,431,693) | (9,344,701) |
| **Total equity** | | 7,191,981 | 14,278,973 |
| **Total equity and liabilities** | | 13,389,192 | 18,333,445 |

As permitted by section 408 of the Companies Act 2006, the profit or loss element of the Parent Company Income Statement is not presented as part of these financial statements. The Group loss for the year ended 31st December 2021 of £958,730 (2020: £408,545) includes a loss of £7,086,992 (2020: £1,384,015), which was dealt with in the financial statements of the Company.

Approved by the Board on 16th March 2022

Niccolò Barattieri di S. Pietro

N. Barattieri di San Pietro................................................
Director
Company registration no. 03442280

# Consolidated and Company Statements of Cash Flows
# For the year ended 31st December 2021

| | Group | | Company | |
|---|---|---|---|---|
| | Year ended 31st Dec 2021 | Year ended 31st Dec 2020 | Year ended 31st Dec 2021 | Year ended 31st Dec 2020 |
| | £ | £ | £ | £ |
| **Cash flows from operating activities** | | | | |
| Loss for the year after tax | (958,730) | (408,545) | (1,673,799) | (1,384,015) |
| Adjustments for: | | | | |
| Finance costs | 5,071 | 48,344 | 5,071 | 42,353 |
| Depreciation and amortization | 234,726 | 374,274 | 219,096 | 403,814 |
| Investment revenue | (119,788) | - | (119,788) | - |
| Loss on disposal of investment | - | - | 3 | 230 |
| Impairment of investment in subsidiaries | - | - | 788,220 | - |
| Goodwill impairment | 789,558 | - | - | - |
| Decrease in inventories | 10,647 | 5,000,000 | - | - |
| Decrease/(increase) in trade and other receivables | 207,924 | (201,796) | (2,636) | 3,365,076 |
| (Decrease)/increase in trade and other payables | (26,377) | (2,199,773) | 2,141,009 | (2,113,613) |
| **Cash generated from operations** | 143,031 | 2,612,504 | 1,357,176 | 313,845 |
| Corporation tax paid | - | - | - | - |
| **Net cash generated from operating activities** | 143,031 | 2,612,504 | 1,357,176 | 313,845 |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant & equipment | (10,258) | (3,302) | - | - |
| Acquisition of Loan Notes | (1,196,172) | - | (1,196,172) | - |
| **Net cash used in investing activities** | (1,206,430) | (3,302) | (1,196,172) | - |
| **Cash flows from financing activities** | | | | |
| Proceeds from borrowings | 220,000 | - | 220,000 | - |
| Repayment of borrowings | (220,000) | (1,450,000) | (220,000) | - |
| Repayment of leases | (192,070) | (200,838) | (192,070) | (200,838) |
| Interest paid | (3,341) | (94,041) | (3,341) | (76,582) |
| **Net cash used in financing activities** | (195,411) | (1,744,879) | (195,411) | (277,420) |
| (Decrease)/increase in cash and cash equivalents | (1,258,810) | 864,323 | (34,407) | 36,425 |
| Cash and cash equivalents at the beginning of the year | 1,520,036 | 655,713 | 67,864 | 31,439 |
| **Cash and cash equivalents at the end of the year** | 261,226 | 1,520,036 | 33,457 | 67,864 |

## Consolidated and Company Statements of Changes in Equity
## For the year ended 31st December 2021

| Group | Called Up Share Capital | Share Premium Account | Retained Earnings | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| As at 1st January 2020 | 1,058,388 | 22,565,286 | (4,514,108) | 19,109,566 |
| Total comprehensive loss for the year | - | - | (408,545) | (408,545) |
| As at 31st December 2020 | 1,058,388 | 22,565,286 | (4,922,653) | 18,701,021 |
| As at 1st January 2021 | 1,058,388 | 22,565,286 | (4,922,653) | 18,701,021 |
| Loss for the year | - | - | (958,730) | (958,730) |
| Other Comprehensive loss for the year | - | - | (5,413,193) | (5,413,193) |
| As at 31st December 2021 | 1,058,388 | 22,565,286 | (11,294,576) | 12,329,098 |

| Company | Called Up Share Capital | Share Premium Account | Retained Earnings | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| As at 1st January 2020 | 1,058,388 | 22,565,286 | (7,960,686) | 15,662,988 |
| Total comprehensive loss for the year | - | - | (1,384,015) | (1,384,015) |
| As at 31st December 2020 | 1,058,388 | 22,565,286 | (9,344,701) | 14,278,973 |
| As at 1st January 2021 | 1,058,388 | 22,565,286 | (9,344,701) | 14,278,973 |
| Total comprehensive loss for the year | - | - | (7,086,992) | (7,086,992) |
| As at 31st December 2021 | 1,058,388 | 22,565,286 | (16,431,693) | 7,191,981 |

# Notes to the Consolidated Financial Statements
# For the year ended 31st December 2021

1. **Principal accounting policies**

The principal accounting policies are as follows:

**Accounting convention**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Standards in effect in 2021 adopted by the Group

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business) IAS 28 (amendments) 'Investments in Associates and Joint Ventures'
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform (Amendments - IFRS 9, IAS 39 and IFRS 7)
- Interest Rate Benchmark Reform – Phase 2 (Amendments - IFRS 9, IAS 39, IFRS 7, UFRS 4 and IFRS 16)
- Covid-19-Related Rent Concessions Beyond 30 June 2021 (Amendment – IFRS 16)

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

No other new standards have been adopted by the Group in the year.

<u>New and Revised Standards</u>

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements as they are not as yet effective and, in some cases, had not yet been adopted by the UK. The Group intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- Updating a Reference to the Conceptual Framework (Amendment – IFRS 3)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendment – IAS 16)
- Onerous Contracts – Costs of Fulfilling a Contract (Amendment – IAS 37)
- Annual Improvements 2018-2020 Cycle
- Classification of Liabilities as Current or Non-Current (Amendment – IAS 1)
- IFRS 17 – Insurance Contracts
- Amendments to IFRS 17 – Insurance Contracts; and Extension of the Temporary Exemption from Applying IFRS 9 (Amendment – IFRS 4)
- Disclosure of Accounting Policies (Amendments – IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendment – IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment - IAS 12)

The Directors are evaluating the impact that these standards may have on the financial statements of the Group, but do not expect that the adoption of the Standards listed above will have a material impact on the Group in future periods.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements.

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

**Business combinations and goodwill**

Goodwill relating to acquisitions prior to 1st March 2006 is carried at the net book value on that date and is no longer amortised but is subject to annual impairment testing. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. Goodwill is tested annually for impairment.

**Going Concern**

The Group has incurred a total comprehensive loss in the year of £6,371,923 (2020: £408,545) and has net assets of £12,329,098 at 31 December 2021 (2020: £18,701,021).

The Company and Group currently meet their day-to-day working capital requirements through development management fees and commission fees receivable from its projects: 1 Palace Street and The Broadway and also though project management fees receivable from 36-38 Berkeley Square. The Company and Group also have access to a £1m loan facility provided by a fellow subsidiary undertaking, Abu Dhabi Financial Group LLC, which became available in February 2022.

In addition to the loan facility, the Company's ultimate parent undertaking has provided written assurance that it will continue to support the Group and Company in all of its working capital requirements for at least 12 months from the date of signing of these financial statements.

The Directors have prepared detailed cash flow projections for the period up to 31st December 2026 making reasonable assumptions about the levels and timings of income and expenditure, and in particular the timing of receipt of certain fees due from major developments. These projections show that the Group can meet its on-going working capital requirements. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

# Notes to the Consolidated Financial Statements
# For the year ended 31st December 2021 (Continued)

1. **Principal accounting policies (continued)**

**Going Concern (continued)**

The Directors continue to consider the continued impact of the COVID-19 pandemic, and the measures taken to contain it, on the activities of the Group. Although the ultimate impact cannot currently be quantified, due to the nature of the Group's activities there has not been any significant impact on the Group to date and the Directors therefore do not consider there will be any significant effect on the ability of the Group to continue in business and meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements.

**Significant judgements and areas of estimation**

In preparing these financial statements the Directors are required to make judgements and best estimates of the outcome of and in particular, the timing of revenues, expenses, assets and liabilities based on assumptions. These assumptions are based on historical experience and various other factors that are considered reasonable under the various circumstances. The estimates and assumptions are reviewed on a regular basis with any revisions being applied in the relevant period. The material areas where estimates and assumptions are made are:

- The valuation of goodwill;
- The valuation of financial assets at fair value through OCI; and
- The status and progress of the developments and projects.

**Basis of consolidation**

The Group financial statements include the financial statements of the Company and its subsidiary undertakings. Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies of the subsidiary and therefore exercises control. The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains the relevant level of control and are de-consolidated from the date at which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Property, plant and equipment**

Property, plant and equipment are stated at historical cost, net of any depreciation and any provision for impairment.

Depreciation has been calculated on a straight line basis and aims to write off the costs, less estimated residual value of each property, plant and equipment over their expected useful lives using the following periods:

| | |
|---|---|
| Leasehold improvements | over the period of the lease |
| Fittings and office equipment | 25% straight line |
| Computer equipment | 33 1/3% straight line |
| Right of use asset | over the period of the lease |

**Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation but are instead tested annually for impairment and are subject to additional impairment testing if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment are reviewed annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment charge is recognised in profit or loss in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

A loss allowance is recognised on initial recognition of financial assets held at amortised cost, based on expected credit losses, and is re-measured annually with changes appearing in profit or loss. Where there has been a significant increase in credit risk of the financial instrument since initial recognition, the loss allowance is measured based on lifetime expected losses. In all other cases, the loss allowance is measured based on 12-month expected losses. For assets with a maturity of 12 months or less, including trade receivables, the 12-month expected loss allowance is equal to the lifetime expected loss allowance.

**Inventories**

Work in progress is valued at the lower of cost and net realisable value. Cost of work in progress includes overheads appropriate to the stage of development. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

**1. Principal accounting policies (continued)**

**Revenue**

Revenue represents amounts earned by the Group in respect of services rendered during the period net of value added tax. Revenue for providing services is recognised in the accounting period in which the services are rendered. Shares in development profits and performance fees are recognised when the amounts involved have been finally determined and agreed criteria for recognition have been fulfilled. Fees in respect of project management and interior and architectural design are recognised in accordance with the stage of completion of the contract. Revenue includes rental income generated by inventories held, recognised in accordance with the leases for the period within the year.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the client pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Revenue also includes sales commission fees and introduction fees receivable where the Group acts as sales agent on developments. The sales commission is recognised on exchange of contracts. The introduction fees for sales of third-party developments or property is recognised fully on completion.

**Current taxation**

The tax expense for the year represents the total of current taxation and deferred taxation. The charge in respect of current taxation is based on the estimated taxable profit for the year. Taxable profit for the year is based on the profits as shown in profit or loss, as adjusted for items or expenditure, which are not deductible for tax purposes.

The current tax liability for the year is calculated using tax rates, which have either been enacted or substantively enacted at the reporting date.

**Deferred taxation**

Deferred tax is provided in full on all temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates which have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

**Leased assets**

Assets held under leases and hire purchase contracts are capitalised in the statement of financial position and depreciated over their expected useful lives. The interest element of the rental obligations is charged to profit or loss in accordance with IFRS 16 Leases.

**Investments**

Investments in subsidiaries, associates and joint ventures, and other investments are presented in the Parent financial statements at cost, less any necessary provision for impairment.

**Financial assets**

The Group classifies its financial assets as either financial assets measured at amortised cost, fair value through profit and loss or fair value through Other Comprehensive Income (OCI).

Financial assets at fair value through OCI consist of equity investments in other companies or limited partnerships where the Group does not exercise either control or significant influence. The investments reflect loans and capital contributions made in respect of projects undertaken with other partners in which the Group will be entitled to an eventual profit share.

Financial assets at fair value through OCI are shown at fair value at each reporting date with changes in fair value being shown in OCI. In cases where the Group can reliably estimate fair value, fair value will be determined in reference to practical completion of each development project.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The valuation technique applied to the financial assets at fair value through OCI in the current and preceding period is a Level 3 technique.

**Pensions**

The Group operates a defined contribution pension scheme under which fixed contributions are payable. Pension costs charged to the income statement represent amounts payable to the scheme during the year.

**1. Principal accounting policies (continued)**

**Foreign currency translation**

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities are translated at the rate of exchange ruling at the reporting date. Exchange differences are taken into account in arriving at Group operating (loss)/profit.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are charged to the share premium account.

**Equity balances**

- Called up share capital represents the aggregate nominal value of Ordinary shares in issue; and
- The share premium account represents the incremental paid up capital above the nominal value of Ordinary shares issued.

**Financial assets at amortised cost**

Trade receivables, loans and other receivables are classified as 'trade and other receivables' and are measured at cost less any provisions. Interest income is recognised by applying the appropriate interest rate of the contractual arrangement.

**Financial liabilities - loans and payables and borrowings**

Trade payables, other payables and borrowings are classified as 'trade and other payables' and 'borrowings, including lease finance'. These are measured at amortised cost and the interest expense is recognised by applying the appropriate interest rate of the contractual arrangement.

**Borrowings**

Interest-bearing borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method with any differences between the proceeds (net of transaction costs) and the redemption value being recognised over the period of borrowings.

All borrowings are classified as current unless the Group has an unconditional right to defer payment of the borrowings until at least twelve months from the reporting date.

Borrowing costs which relate directly to a development which is included within inventories are capitalised as part of the cost of the inventory.

**2. Capital and financial risk management**

The Group manages its capital to ensure that the Group will be able to continue as a going concern, while maximising the return to shareholders through the optimisation of its debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, debt and equity attributable to equity holders of the Parent Company, comprising issued capital, share premium account and retained earnings.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or increase capital.

The Board regularly reviews the capital structure, with an objective to minimise net debt whilst investing in the development opportunities.

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the property business and the operational risks are an inevitable consequence of being in business. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks by means of a reliable up-to-date information system. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board of Directors. Directors are responsible for the identification of the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. The most important types of risk are credit risk, liquidity and market risk. Market risk includes currency, interest rate and other price risks.

| **3. Investment revenue** | **Year ended 31st Dec 2021** | **Year ended 31st Dec 2020** |
|---|---|---|
| | **£** | **£** |
| Interest receivable from Loan Notes issued by Palace Revive Development Limited | 119,788 | - |

## Notes to the Consolidated Financial Statements
## For the year ended 31st December 2021 (Continued)

**4. Finance costs**

| | Year ended 31st Dec 2021 £ | Year ended 31st Dec 2020 £ |
|---|---|---|
| Interest on: | | |
| Borrowings from the bank | - | 5,991 |
| Borrowings from related parties | - | 22,780 |
| Finance lease | - | 82 |
| Lease - right of use asset | 1,730 | 8,971 |
| Other interest | 3,338 | 1,155 |
| Loss on investment | 3 | 230 |
| Foreign exchange loss | - | 1,265 |
| Withholding tax | - | 7,870 |
| | 5,071 | 48,344 |

**5. Loss before taxation**

| | Year ended 31st Dec 2021 £ | Year ended 31st Dec 2020 £ |
|---|---|---|
| Loss before taxation is stated after charging/(crediting): | | |
| Depreciation and amounts written off property, plant and equipment: | | |
| Owned assets | 55,840 | 145,023 |
| Leased assets | 178,885 | 229,251 |
| Foreign exchange loss | - | 1,265 |
| Inventories recognised as an expense | - | 5,000,000 |
| Exceptional item | 789,558 | - |

The exceptional item in the year represents an impairment of goodwill as detailed in note 8.

| | | |
|---|---|---|
| **Fees payable to the Company's auditors for:** | | |
| - the audit of the Company's annual accounts | 59,175 | 57,450 |
| **Fees payable to the Company's auditors for other services to the Group:** | | |
| - the audit of the Company's subsidiaries | 23,825 | 27,000 |
| Total audit fees | 83,000 | 84,450 |
| **Fees payable to the Company's auditors for:** | | |
| - other taxation advisory services | - | - |
| - other services | 45,000 | 45,000 |
| Total other fees | 45,000 | 45,000 |

**6. Employees**

| | Year Ended 31st Dec 2021 Number | Year ended 31st Dec 2020 Number |
|---|---|---|
| The average weekly number of employees (including Directors) during the year was: | | |
| Office and management | 17 | 17 |
| | 17 | 17 |

| | Year ended 31st Dec 2021 £ | Year ended 31st Dec 2020 £ |
|---|---|---|
| Staff costs for the above employees: | | |
| Wages and salaries | 1,688,829 | 1,929,189 |
| Social security costs | 200,884 | 241,192 |
| Other pension costs - money purchase schemes | 101,930 | 100,218 |
| | 1,991,643 | 2,270,599 |

| **Remuneration in respect of Directors was as follows:** | Year ended 31st Dec 2021 £ | Year ended 31st Dec 2020 £ |
|---|---|---|
| Aggregate emoluments (including benefits in kind) | 412,730 | 467,400 |
| | 412,730 | 467,400 |
| Company contribution to money purchase pension schemes | 3,864 | 5,636 |

# Notes to the Consolidated Financial Statements
# For the year ended 31st December 2021 (Continued)

**6. Employees (continued)**

| Remuneration in respect of the highest paid Director was as follows: | Year ended 31st Dec 2021 £ | Year ended 31st Dec 2020 £ |
|---|---|---|
| Aggregate emoluments (including benefits in kind) | 372,730 | 425,942 |
| Company contribution to money purchase pension scheme | 3,864 | 5,636 |
| | 376,594 | 431,578 |

The total emoluments of £372,730 (2020: £425,942) above includes bonuses of £37,500 (2020: £100,000) and commission of £6,823 (2020: £nil).

The Directors consider that the key management personnel for reporting purposes as defined by IAS24 'Related Party Disclosures' are the Directors themselves only.

**7. Taxation**

| | Year ended 31st Dec 2021 £ | Year ended 31st Dec 2020 £ |
|---|---|---|
| **(a) Analysis of charge in year** | | |
| *Current tax:* | | |
| Corporation tax charge | - | - |
| Total current tax | - | - |
| *Deferred tax:* | | |
| Deferred tax charge | - | - |
| Total deferred tax charge | - | - |
| **Total tax charge** | - | - |

**(b) Factors affecting the tax charge for the year**
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%).
The differences are explained below:

| | Year ended 31st Dec 2021 £ | Year ended 31st Dec 2020 £ |
|---|---|---|
| Loss on ordinary activities before tax | (958,730) | (408,545) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax of 19% (2020: 19%) | (182,159) | (77,624) |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | 151,546 | 18,303 |
| Depreciation in excess of capital allowances | 3,674 | 26,362 |
| Other timing differences | - | 5,972 |
| Loss carried forward | 26,939 | 26,987 |
| Current tax charge for the year | - | - |

The Company and Group have losses of £7,720,550 and £9,178,881 respectively (2020: £7,454,525 and £8,915,409 respectively)to set against future taxable profits. A deferred tax asset has not been recognised in either the Company or Consolidated Statement of Financial Position due to uncertainty of the timing of future taxable profits.

# Notes to the Consolidated Financial Statements
# For the year ended 31st December 2021 (Continued)

**8. Goodwill**

| **Group** | **31st Dec 2021** | **31st Dec 2020** |
|---|---|---|
| | **£** | **£** |
| **Cost** | 14,940,474 | 14,940,474 |
| **Amortisation and impairment** | | |
| At the beginning of the year | 6,933,057 | 6,933,057 |
| Impairment charge for the year | 789,558 | - |
| At the end of the year | 7,722,615 | 6,933,057 |
| **Net book value** | 7,217,859 | 8,007,417 |

The Group performs an annual goodwill impairment review in accordance with IAS 36 'Impairment of Assets' based on its cash generating units (CGUs). The CGU that has associated goodwill allocated to it is the Group as a whole. This is the smallest identifiable group of assets that generate cash inflows to which goodwill is allocated. Although the N Studio Limited interior design business is a separate CGU goodwill was not specifically allocated to it when the goodwill arose because it was treated as an integrated business when the Group was originally restructured. The Directors consider that it is now not appropriate to allocate goodwill to this CGU on the basis that the interior design business is no longer trading.

The goodwill impairment review conducted by the Directors as 31 December 2021 has resulted in an impairment of £789,558 which has been disclosed as an exceptional item as detailed in note 5.

**Recoverable amount**

In accordance with IAS 36 the recoverable amount of the CGU is calculated, being the higher of value in use and fair value less costs to sell.

The fair value less costs to sell of the CGU is determined using cash flow projections derived from the business plan covering a five year period which has been approved by the Board. They reflect the Directors' expectations of the level and timing of revenue, expenses, working capital and operating cash flows, based on past experience and future expectations of business performance particularly future development projects.

**Discount rates**

The pre-tax discount rate applied to the cash flow projections are derived from the Group's weighted average cost of capital. The discount rate applied is 6% (2020: 6%) reflecting the future expected cost of capital for the Group.

**Growth rates**

Due to the nature of the Group's development business growth rates are not relevant. The cash flow projections assume a 100% probability of receiving a level of development fees for contracted projects over the five years and make assumptions on the probability of achieving certain development performance fee criteria.

**Sensitivity analysis**

The following percentage changes in assumptions would cause the recoverable amount to fall below the current carrying value:

- A 0.1% absolute increase in the discount rate to 6.1% for the latter five year period (2020: 1.1% absolute increase to 7.1%)
- A 0.1% decrease in the development revenue cash flows over the five year period (2020: 4.3% decrease)
- A 0.1% increase in operational costs cash flows over the five year period (2020: 3.9%)

## Notes to the Consolidated Financial Statements
## For the year ended 31st December 2021 (Continued)

**9. Property, plant and equipment**

| Group | Leasehold Improvements | Fittings and Office Equipment | Computer Equipment | Right of Use Assets | Total |
|---|---|---|---|---|---|
| **Cost** | £ | £ | £ | £ | £ |
| At 1st January 2020 | 1,224,456 | 66,341 | 144,039 | 692,765 | 2,127,601 |
| Additions | - | - | 3,302 | - | 3,302 |
| Disposals | - | - | (2,045) | (272,726) | (274,771) |
| Adjustment to lease term | - | - | - | (32,458) | (32,458) |
| At 31st December 2020 | 1,224,456 | 66,341 | 145,296 | 387,581 | 1,823,674 |
| Additions | - | - | 10,257 | 192,070 | 202,327 |
| Disposals | - | - | - | (522,998) | (522,998) |
| At 31st December 2021 | 1,224,456 | 66,341 | 155,553 | 56,653 | 1,503,003 |
| **Depreciation** | | | | | |
| At 1st January 2020 | 1,075,645 | 47,748 | 112,002 | 395,791 | 1,631,186 |
| Charge for the year | 112,544 | 9,093 | 23,386 | 229,251 | 374,274 |
| Disposals | - | - | (2,045) | (272,726) | (274,771) |
| At 31st December 2020 | 1,188,189 | 56,841 | 133,343 | 352,316 | 1,730,689 |
| Charge for the year | 36,267 | 8,786 | 10,787 | 178,885 | 234,725 |
| Disposals | - | - | - | (522,998) | (522,998) |
| At 31st December 2021 | 1,224,456 | 65,627 | 144,130 | 8,203 | 1,442,416 |
| **Net book value** | | | | | |
| At 31st December 2021 | - | 714 | 11,423 | 48,450 | 60,587 |
| At 31st December 2020 | 36,267 | 9,500 | 11,953 | 35,265 | 92,985 |
| At 31st December 2019 | 148,811 | 18,593 | 32,037 | 296,974 | 496,415 |

**9. Property, plant and equipment (continued)**

| Company | Leasehold Improvements | Fittings and Office Equipment | Computer Equipment | Right of Use Assets | Total |
|---|---|---|---|---|---|
| **Cost** | £ | £ | £ | £ | £ |
| At 1st January 2020 | 1,282,936 | - | 19,953 | 692,765 | 1,995,654 |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | (272,726) | (272,726) |
| Adjustment to lease term | - | - | - | (32,458) | (32,458) |
| At 31st December 2020 | 1,282,936 | - | 19,953 | 387,581 | 1,690,470 |
| Additions | - | - | - | 192,070 | 192,070 |
| Disposals | (58,480) | - | - | (522,998) | (581,478) |
| At 31st December 2021 | 1,224,456 | - | 19,953 | 56,653 | 1,301,062 |
| **Depreciation** | | | | | |
| At 1st January 2020 | 1,075,645 | - | 12,470 | 395,791 | 1,483,906 |
| Charge for the year | 169,574 | - | 4,989 | 229,251 | 403,814 |
| Disposals | - | - | - | (272,726) | (272,726) |
| At 31st December 2020 | 1,245,219 | - | 17,459 | 352,316 | 1,614,994 |
| Charge for the year | 37,717 | - | 2,494 | 178,885 | 219,096 |
| Disposals | (58,480) | - | - | (522,998) | (581,478) |
| At 31st December 2021 | 1,224,456 | - | 19,953 | 8,203 | 1,252,612 |
| **Net book value** | | | | | |
| At 31st December 2021 | - | - | - | 48,450 | 48,450 |
| At 31st December 2020 | 37,717 | - | 2,494 | 35,265 | 75,476 |
| At 31st December 2019 | 207,291 | - | 7,483 | 296,974 | 511,748 |

Following the adoption of IFRS 16, right of use assets, being the present value of the lease payments over the remaining life of the lease, have been recognised as set out above. The right of use assets and corresponding lease liability have been calculated using a discount rate of 6%. The depreciation of the assets and interest charge were recognised in the Consolidated Income Statement in the year.

The adjustment to lease term is a two-month adjustment to the initial calculation of the right of use asset, and corresponding liability as detailed in note 18.

**10. Investments**

**(a) Financial assets at fair value through Other Comprehensive Income**

| Group | 31st Dec 2021 | 31st Dec 2021 | 31st Dec 2020 | 31st Dec 2020 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1st January | | 10,000,004 | | 10,000,004 |
| Change in fair value | (5,413,193) | | - | |
| Net movement transferred to comprehensive income | | (5,413,193) | | - |
| At 31st December | | (5,413,193) | | 10,000,004 |
| **Net book value** | | | | |
| At 31st December | | 4,586,811 | | 10,000,004 |

## Notes to the Consolidated Financial Statements
## For the year ended 31st December 2021 (Continued)

**10. Investments (continued)**

**(b) Other investments**

| **Company** | **Subsidiary Undertakings** £ | **Other Investments** £ | **Total** £ |
|---|---|---|---|
| **Cost** | | | |
| At 1st January 2021 | 14,492,453 | 10,000,000 | 24,492,453 |
| Disposals | (3) | - | (3) |
| As at 31st December 2021 | 14,492,450 | 10,000,000 | 24,492,450 |
| **Impairment** | | | |
| At 1st January 2021 | 6,486,371 | - | 6,486,371 |
| Impairment in the year | 788,220 | 5,413,193 | 6,201,413 |
| As at 31st December 2021 | 7,274,591 | 5,413,193 | 12,687,784 |
| **Net book value as at 31st December 2021** | 7,217,859 | 4,586,807 | 11,804,666 |
| **Net book value as at 31st December 2020** | 8,006,082 | 10,000,000 | 18,006,082 |

| **Company** | **Subsidiary Undertakings** £ | **Other Investments** £ | **Total** £ |
|---|---|---|---|
| **Cost** | | | |
| At 1st January 2020 | 14,492,683 | 10,000,000 | 24,492,683 |
| Disposals | (230) | - | (230) |
| As at 31st December 2020 | 14,492,453 | 10,000,000 | 24,492,453 |
| **Impairment** | | | |
| At 1st January 2020 | 6,486,371 | - | 6,486,371 |
| Impairment in the year | - | - | - |
| As at 31st December 2020 | 6,486,371 | - | 6,486,371 |
| **Net book value as at 31st December 2020** | 8,006,082 | 10,000,000 | 18,006,082 |
| **Net book value as at 31st December 2019** | 8,006,312 | 10,000,000 | 18,006,312 |

# Notes to the Consolidated Financial Statements
# For the year ended 31st December 2021 (Continued)

**10. Investments (continued)**

**(c) Group shareholdings**

The Group has shareholdings in the following companies, all incorporated in England and Wales:

| Subsidiary undertakings | Holding | Proportion held | Nature of Business |
|---|---|---|---|
| Waterloo Investments Limited | Ordinary shares | 100% | Development management services |
| N Studio Limited | Ordinary shares | 100% | Dormant |
| Northacre Capital (7) Limited | Ordinary shares | 100% | Dormant |
| N Property Consultants Limited | Ordinary shares | 100% | Dormant |

The registered office of all of the above companies is 8 Albion Riverside, 8 Hester Road, London SW11 4AX.
Nilsson Architects Limited was dissolved on 5th November 2021.
Lancaster Gate (Hyde Park) Limited was dissolved on 9th November 2021.
Northacre Development Management Services Limited was dissolved on 8th June 2021.

**11. Inventories**

| | Group | |
|---|---|---|
| | 31st Dec 2021 | 31st Dec 2020 |
| | £ | £ |
| Stock | - | 10,647 |
| | - | 10,647 |

Inventories include capitalised borrowing costs of £nil (2020: £nil).

**12. Trade and other receivables**

| | Group | | Company | |
|---|---|---|---|---|
| | 31st Dec 2021 | 31st Dec 2020 | 31st Dec 2021 | 31st Dec 2020 |
| | £ | £ | £ | £ |
| Trade receivables | 30,400 | 615 | - | - |
| Amounts owed by group undertakings | - | - | 40 | 4,040 |
| Other receivables | 111,634 | 171,996 | 109,800 | 110,389 |
| Prepayments and accrued income | 209,042 | 386,389 | 76,819 | 69,594 |
| PRDL Loan Notes | 1,315,960 | - | 1,315,960 | - |
| | 1,667,036 | 559,000 | 1,502,619 | 184,023 |

The Directors consider that the carrying value of trade and other receivables represents its fair value. A loss allowance is recognised on initial recognition of financial assets held at amortised cost based on expected credit losses and is re-measured annually with changes appearing in the profit and loss account.

In April 2021 Northacre Group invested £1,196,172 in Loan Notes issued by Palace Revive Development Limited (PRDL). The Loan Notes carry 15% interest based on IRR and the Group accrued £119,788 interest in the period to 31st December 2021. The capital amount and accrued interest are due to be repaid in September 2022.

**13. Trade and other payables**

| | Group | | Company | |
|---|---|---|---|---|
| | 31st Dec 2021 | 31st Dec 2020 | 31st Dec 2021 | 31st Dec 2020 |
| | £ | £ | £ | £ |
| Trade payables | 128,423 | 39,404 | 127,383 | 39,378 |
| Amounts owed to group undertakings | 160,000 | 80,000 | 5,742,221 | 3,457,331 |
| Social security and other taxes | 205,125 | 243,568 | 146,677 | 210,028 |
| Other payables | 21,573 | 1,018 | 1,255 | 990 |
| Accruals and deferred income | 949,300 | 1,125,078 | 179,675 | 346,745 |
| | 1,464,421 | 1,489,068 | 6,197,211 | 4,054,472 |

# Notes to the Consolidated Financial Statements
# For the year ended 31st December 2021 (Continued)

**14. Capital commitments**

At the reporting date there were no outstanding commitments for capital expenditure.

**15. Equity**

| **Share capital** | **31st Dec 2021** | **31st Dec 2020** |
|---|---|---|
| | **£** | **£** |
| Called up, allotted and fully paid: | | |
| 42,335,538 (2020: 42,335,538) Ordinary shares of 2.5p each | 1,058,388 | 1,058,388 |
| | 1,058,388 | 1,058,388 |

| **Share premium account and reserves** | **Share premium** |
|---|---|
| | **£** |
| At 1st January 2021 and 31st December 2021 | 22,565,287 |

The share premium account represents the incremental paid up capital above the nominal value of the Ordinary shares of 2.5p issued.

**16. Contingent liabilities**

The Company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' VAT liabilities amounting to £128,115 (2020: £192,448).

**17. Reconciliation of liabilities arising from financing activities**

| | **Non-current borrowings** | **Current borrowings** | **Lease liabilities** | **Total** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| **1st January 2021** | - | - | - | - |
| **Cashflows:** | | | | |
| Repayments | - | - | - | - |
| **Non-cash:** | | | | |
| Adjustment to lease term | - | - | - | - |
| **31st December 2021** | - | - | - | - |

| | **Non-current borrowings** | **Current borrowings** | **Lease liabilities** | **Total** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| **1st January 2020** | - | 1,450,000 | 233,296 | 1,683,296 |
| **Cashflows:** | | | | |
| Repayments | - | (1,450,000) | (200,838) | (1,650,838) |
| **Non-cash:** | | | | |
| Adjustment to lease term | - | - | (32,458) | (32,458) |
| **31st December 2020** | - | - | - | - |

The adjustment to lease term is a two-month adjustment to the initial calculation of the right of use asset and corresponding liability.

**18. Related party transactions**

**Group**

The Group's related parties as defined by International Accounting Standard 24 (revised), the nature of the relationship and the amount of transactions with them during the period were as follows:

| Related Party | Nature of Relationship | Year ended 31st Dec 2021 £ Total transactions in the year | Year ended 31st Dec 2021 £ Balance at the year end Due (to)/from | Year ended 31st Dec 2020 £ Total transactions in the year | Year ended 31st Dec 2020 £ Balance at the year end Due (to)/from | Nature of Transactions |
|---|---|---|---|---|---|---|
| ADFG LLC | 1 | - | - | 36,059 | - | Expenses charged by ADFG LLC to Northacre Limited during the year. |
| ADFG LLC | 1 | - | - | 22,780 | - | Interest on a loan due to ADFG LLC. The full loan balance of £1,889,677, including interest of 8% per annum, was repaid on 26th February 2020. |
| ADFG LLC | 1 | 80,000 | (160,000) | 80,000 | (80,000) | Board fees charged by ADFG LLC for the year. |
| Palace Revive Development Limited | 2 | 25,000 | - | 25,000 | - | Accounting fees charged during the year as per the development management agreement. |
| Palace Revive Development Limited | 2 | - | (250,000) | - | - | Development management fee charged in advance for Q1 2022 disclosed in Trade and other payables – deferred income. |
| Palace Revive Development Limited | 2 | 10,867 | 99 | 14,831 | 425 | Expenses charged to Palace Revive Development Limited during the year. |
| Palace Revive Development Limited | 2 | 1,315,960 | 1,315,960 | - | - | Investment in Loan Notes issued by Palace Revive Development Limited. The amount is inclusive of 15% interest based on IRR. Loan notes and accrued interest are due to be repaid by September 2022. |
| Palace Real Estate Partners LP | 3 | - | 10,000,000 | - | 10,000,000 | Amount invested by Northacre Limited into Palace Real Estate Partners LP to develop the 1 Palace Street development. |
| BL Development Limited | 4 | 2,550,000 | 4,167 | 2,550,000 | - | Development management fees and accounting fee charged during the year as per the development management agreement. |
| BL Development Limited | 4 | 30,422 | 11,896 | 8,684 | 190 | Expenses charged to BL Development Limited during the year. |
| BL Development Limited | 4 | 56,923 | - | 398,500 | - | Sales fee charged to BL Development Limited during the year due on exchange of apartments. |

**18. Related party transactions (continued)**

| Related Party | Nature of Relationship | Year ended 31st Dec 2020 £ Total transactions in the year | £ Balance at the year end Due (to)/from | Year ended 31st Dec 2019 £ Total transactions in the year | £ Balance at the year end Due (to)/from | Nature of Transactions |
|---|---|---|---|---|---|---|
| BL Development Limited | 4 | - | (500,000) | - | - | Development management fee charged in advance for Q1 2022 disclosed in Trade and other payables – deferred income. |
| Astrea Asset Management Limited | 5 | - | - | - | - | A loan was provided by Astrea Asset Management Limited to Northacre Limited of £220,000. The loan was repaid on 13th August 2021. The loan was interest free. |

Nature of Relationships

1 ADFG LLC is the intermediate parent company.

2 Palace Revive Development Limited is a company set up to develop the 1 Palace Street Development and is controlled by ADCM Limited.

3 Palace Real Estate Partners LP is a partnership that ultimately controls Palace Revive Development Limited. Northacre Limited is a limited member of Palace Real Estate Partners LP.

4 BL Development Limited is a company set up to develop The Broadway development and is controlled by ADCM Limited.

5 Astrea Asset Management Limited is a subsidiary of ADFG LLC, the intermediate parent company.

**Company**

The Directors' transactions in the Company are included in the Group disclosure above. In addition to these, the Company has the following related party transactions as defined by International Accounting Standard 24 (revised).

| Related Party | Nature of Relationship | Year ended 31st Dec 2021 £ Total transactions in the year | £ Balance at the year end Due (to)/from | Year ended 31st Dec 2020 £ Total transactions in the year | £ Balance at the year end Due (to)/from | Nature of Transactions |
|---|---|---|---|---|---|---|
| Group entities | 1 | 306,000 | - | 307,750 | - | Management fees receivable in the year from Group subsidiaries provided at arm's length. |
| Group entities | 1 | (90,000) | - | (90,000) | - | Management fees payable in the year to Group subsidiaries provided at arm's length. |

Nature of Relationships

1 The Group entities are wholly owned subsidiaries of the Company.

The balances at the reporting date are shown under notes 12 and 13 of the Consolidated Financial Statements.

**19. Immediate and ultimate parent undertakings**

The immediate parent undertaking is Spadille Limited, a company incorporated in Jersey. The intermediate and ultimate parent undertakings are Abu Dhabi Financial Group LLC and SHUAA Capital PSC, companies incorporated in the United Arab Emirates.