

Company Number: 04441175

ADRIATIC LAND 8 (GR1) LIMITED
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

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ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 March 2019.

INCORPORATION

Adriatic Land 8 (GR1) Limited (the "Company") was incorporated in the United Kingdom under the laws of England and Wales on 17 May 2002. On 9 July 2018, the Company changed its name from Citystyle Developments Limited to Adriatic Land 8 (GR1) Limited.

ACTIVITIES

The principal activity of the Company is property investment. The Company was dormant in the previous financial year.

RESULTS AND DIVIDENDS

The results for the year are shown on page 7. The Directors do not recommend the payment of a dividend for the year (2018: £nil).

DIRECTORS

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

K.K Bains	(resigned 29 June 2018)
J.C Bingham	(resigned 1 April 2019)
C.S Bidel	(appointed 29 June 2018)
C.M Warnes	(appointed 29 June 2018)
A.L Jeffery	(appointed 1 April 2019)

REGISTERED OFFICE

Asticus Building, 2nd Floor
21 Palmer Street
London SW1H 0AD
United Kingdom

COMPANY SECRETARY

On 29 June 2018, Barratt Corporate Secreterial Services Limited resigned as the Secretary of the Company and was replaced by Sanne Group Secretaries (UK) Limited on the same date.

INDEPENDENT AUDITOR

Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, were appointed as auditors during the year and have confirmed their willingness to continue in office.

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.

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

REPORT OF THE DIRECTORS - (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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.

The Directors are required to prepare financial statements for each financial year/period under the Companies Act 2006. As permitted by that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as endorsed for use in the European Union ("IFRSs"). Prior to 1 April 2018, the Company prepared its financial statements under FRS 102. The activities, which included obtaining loan finance to acquire investments, occurred during the year ended 31 March 2019 and there is no difference between the reported financial statements as previously presented under The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the financial statements presented under IFRS. The financial statements are required to give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that year.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

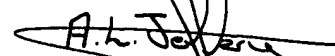
The Directors are also responsible for keeping proper accounting records that are sufficient to show and explain its transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act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

The Directors confirm they have complied with the above requirements throughout the year and subsequently.

FINANCIAL RISK MANAGEMENT

The Directors have considered the financial risk factors and mitigations identified and disclosed in note 3 of the financial statements.

BY ORDER OF THE BOARD



Adrian Leslie Jeffery
Director

Date: 14/12/2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADRIATIC LAND 8 (GR1) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Adriatic Land 8 (GR1) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows;
- the statement of accounting policies; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADRIATIC LAND 8 (GR1) LIMITED

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADRIATIC LAND 8 (GR1) LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Michael Hartwell

For and on behalf of Deloitte Ireland LLP

Chartered Accountants and Statutory Audit Firm

Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date:

20/12/2019

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

(EXPRESSED IN BRITISH POUNDS)

	Notes	<u>1 Apr 2018</u> <u>to</u> <u>31 Mar 2019</u> £'000 Audited	<u>1 Jul 2017</u> <u>to</u> <u>31 Mar 2018</u> £'000 Unaudited
INCOME			
Turnover	2	157	-
Gain on revaluation of investment property	4	1,572	-
NET INCOME		1,729	-
EXPENSES			
Administrative expenses		(55)	-
Audit fees		(13)	-
TOTAL EXPENSES		(68)	-
OPERATING PROFIT		1,661	-
FINANCE COSTS			
Interest expense	5	(296)	-
TOTAL FINANCE COSTS		(296)	-
PROFIT BEFORE TAX		1,365	-
Taxation	7	-	-
TOTAL PROFIT FOR THE YEAR/PERIOD		1,365	-

(The notes on pages 11 to 25 form part of these audited financial statements)

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
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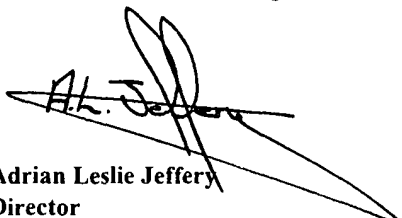
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

(EXPRESSED IN BRITISH POUNDS)

	Notes	31 Mar 2019 £'000 Audited	31 Mar 2018 £'000 Unaudited
ASSETS			
Non-current assets			
Investment property	4	8,705	-
Current assets			
Cash and cash equivalents		106	-
TOTAL ASSETS		8,811	-
LIABILITIES AND EQUITY			
Current liabilities			
Payables	5	4,693	-
Non-current liabilities			
Loans payable	6	2,753	-
TOTAL LIABILITIES		7,446	-
Equity			
Share capital	8	-	-
Retained earnings		1,365	-
TOTAL EQUITY		1,365	-
TOTAL LIABILITIES AND EQUITY		8,811	-

The financial statements were approved and authorised for issue by the Board of Directors on the 17th day of December 2019 and were signed on its behalf by:


Adrian Leslie Jeffery
 Director

(The notes on pages 11 to 25 form part of these audited financial statements)

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

(EXPRESSED IN BRITISH POUNDS)

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2017	-	-	-
Total profit for the period	-	-	-
Balance at 31 March 2018	-	-	-
Total profit for the year	-	1,365	1,365
Balance at 31 March 2019	-	1,365	1,365

(The notes on pages 11 to 25 form part of these audited financial statements)

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

(EXPRESSED IN BRITISH POUNDS)

	<u>1 Apr 2018</u> <u>to</u> <u>31 Mar 2019</u> £'000 Audited	<u>1 Jul 2017</u> <u>to</u> <u>31 Mar 2018</u> £'000 Unaudited
Cash flows from operating activities		
Total profit for the year/period	1,365	-
Adjustments for:		
Interest expense	296	-
Unrealised gain on revaluation of investment property	(1,572)	-
Changes in working capital:		
Increase in payables	59	-
Net cash generated from operating activities	<u>148</u>	<u>-</u>
Cash flows from investing activities		
Capital expenditure on investment property	(7,133)	-
Net cash used in investing activities	<u>(7,133)</u>	<u>-</u>
Cash flows from financing activities		
Net proceeds from borrowings	7,269	-
Interest paid	(178)	-
Net cash generated from financing activities	<u>7,091</u>	<u>-</u>
Net increase in cash and cash equivalents	106	-
Cash and cash equivalents at the beginning of the year/period	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the year/period	<u><u>106</u></u>	<u><u>-</u></u>

(The notes on pages 11 to 25 form part of these audited financial statements)

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION

Adriatic Land 8 (GR1) Limited (the "Company") was incorporated in the United Kingdom under the laws of England and Wales on 17 May 2002. On 9 July 2018, the Company changed its name from Citystyle Developments Limited to Adriatic Land 8 (GR1) Limited.

The principal activity of the Company is property investment. The Company was dormant in the previous financial year.

Adoption of IFRSs

Prior to 1 April 2018, the Company prepared its financial statements under FRS 102. From 1 April 2018, the Company has elected to prepare the financial statements in compliance with IFRSs. There is no difference between the reported financial statements as previously presented under FRS 102 and the financial statements as presented under IFRS to reflect the Company's adoption of IFRSs from the date of transition, being 1 April 2018, we have therefore not presented a separate Statement of Financial Position as at 1 April 2018.

As the adoption of IFRSs did not result in any adjustment to the retained loss at 31 March 2018, no reconciliation has been presented in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of preparation

The Company has prepared these financial statements which comply with International Financial Reporting Standards as endorsed for use in the European Union ("IFRSs") as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies.

The significant accounting policies are set out below:

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 adoption of IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IAS 40 Investment Property referred to below, there are no mandatory New Accounting Requirements applicable in the current year that had any 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.

IFRS 9, "Financial Instruments" (Replacement of IAS 39 - "Financial Instruments: Recognition and Measurement") - effective for accounting period beginning on or after 1 January 2018

IFRS 9 addresses the recognition, classification and measurement of financial assets and financial liabilities, impairment and hedge accounting and replaces most of the guidance in IAS 39.

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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)

IFRS 9, "Financial Instruments" (Replacement of IAS 39 - "Financial Instruments: Recognition and Measurement") - effective for accounting period beginning on or after 1 January 2018 - (continued)

IFRS 9 requires financial assets to be classified into the following measurement categories: (i) those measured at fair value through profit or loss; (ii) those measured at fair value through other comprehensive income; and, (iii) those measured at amortised cost. The determination is made at initial recognition. Unless the option to designate a financial asset as measured at fair value through profit or loss is applicable, the classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

IFRS 9 also replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model for the measurement of impairment loss. The new model applies to financial assets that are not measured at fair value through profit or loss.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

In the Directors' opinion, the adoption of IFRS 9 has had no material impact on the recognition, measurement or disclosures relating to its financial instruments. The Company's loans payable are not classified using the fair value option but are carried at amortised cost. It is further noted that the primary assets held by the Company comprise investment property, which is not a financial instrument and thus not impacted by IFRS 9 becoming effective.

IFRS 15, "Revenue from Contracts with Customers" - effective for accounting periods commencing on or after 1 January 2018

IFRS 15 is a new standard that introduces the following requirements:

- A five-step model is applied to determine when to recognise revenue, and at what amount.
- Revenue is recognised when (or as) a company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled.
- Depending on whether certain criteria are met, revenue is recognised either over time, in a manner that best reflects the Company's performance, or at a point in time, when control of the goods or services is transferred to the customer.

The majority of the Company's turnover from customers is through ground rent payments. This is recognised on an accruals basis, with a deferred income provision created for ground rent payments received but not accrued, so that such payments are not recognised as revenue until actually accrued. Other sources of income, are either outside the scope of IFRS 15, or else are not material. In the Directors' opinion, the adoption of IFRS 15 does not require any significant changes to the Company's revenue recognition model, and has no material impact.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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)

IAS 40, "Investment Property" - amendments effective for accounting periods commencing on or after 1 January 2018

The IASB has amended the requirements in IAS 40 Investment property on when a company should transfer a property asset to, or from, investment property. The amendments state that a transfer is made when and only when there is an actual change in use – i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer. A company has a choice on transition to apply:

- the prospective approach - i.e. apply the amendments to transfers that occur after the date of initial application - and also reassess the classification of property assets held at that date; or
- the retrospective approach - i.e. apply the amendments retrospectively, but only if it does not involve the use of hindsight.

In the Directors' opinion, adoption of the amendments to IAS 40 has had no material impact on the recognition, measurement or disclosures relating to the financial statements.

Non-mandatory New Accounting Requirements not yet adopted

The following applicable New Accounting Requirements have been issued. However, these New Accounting Requirements are not yet mandatory and have not yet been adopted by the Company. All other non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position, or disclosures of the Company and consequently have neither been adopted, nor listed.

IFRS 16, "Leases" - effective for accounting periods commencing on or after 1 January 2019 (early adoption is permitted if IFRS 15, "Revenue from Contracts with Customers" has also been applied)

IFRS 16 is a new standard that will require companies to bring most leases on-balance sheet from 2019. The accounting treatment of leases by lessees will change fundamentally. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice (i.e. lessors continue to classify leases as finance and operating leases). For lessees, the lease becomes an on-balance sheet liability that attracts interest, together with a new asset on the other side of the balance sheet. In other words, lessees will appear to become more asset-rich but also more heavily indebted. The impacts are not limited to the balance sheet. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals.

Upon adoption, it is anticipated that IFRS 16 will not have a material impact on the recognition, measurement or disclosures within the financial statements.

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Non-mandatory New Accounting Requirements not yet adopted - (continued)

IFRIC 23 - "Uncertainty over Income Tax Treatments" - effective for accounting periods commencing on or after 1 January 2019

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Going concern

As at 31 March 2019, the Directors believe that the Company has adequate resources to continue in operational existence. This conclusion has been reached based on reviews conducted in relation to the future performance and cash flow forecasts for the foreseeable future. Accordingly, the Directors deem the going concern basis to be appropriate in preparing these financial statements.

The Company has received a letter of support from its ultimate parent company confirming that the intercompany loan as disclosed in note 5 will not be demanded to the extent that the demand would jeopardise the ability of the Company to meet its liabilities as they fall due.

Income and cash flow statements

The Company presents its Statement of Profit or Loss and Other 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.

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Investment property

Investment property comprises of property that is not occupied by the Company and is held to earn rental income, or for capital appreciation, or both. The Directors have elected to adopt the "fair value model" as defined under IAS 40 (Investment Property). Property held under a lease is classified as investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent expenditure is charged to an investment property'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 expenditure can be reliably measured. All other repairs and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year/period in which they are incurred.

Subsequent to initial recognition, investment property is stated at fair value. The investment property held relates to reversionary interests in freehold land and have been valued based upon a discounted cash flow model. Gains or losses arising from changes in the fair values are included in the Statement of Profit or Loss and Other Comprehensive Income in the year/period in which they arise.

Cash and cash equivalents

For the purposes of these financial statements, cash comprises of cash on hand and demand deposits while cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Payables

Payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. Given the nature of the payables, however, and the short time involved between their origination and settlement, their amortised cost is the same as their fair value at the date of origination.

Loans payable

Loans payable are recognised initially at fair value net of attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost using the effective interest rate method.

Effective interest rate

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

ADRIATIC LAND 8 (GR1) LIMITED (Company Number: 04441175)
(FORMERLY CITYSTYLE DEVELOPMENTS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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 currency of the Company.

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/period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised by the Company in the Statement of Profit or Loss and Other Comprehensive Income.

The financial statements of the Company are presented in GBP.

Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amount of the investment property asset. Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The investment property is valued using a discounted cash flow model. Periodic valuations are undertaken by the Directors, and in assessing the periodic valuation, the methodology is to estimate future cash flows discounted to their present value over an estimated useful economic life, using pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to the asset. By necessity a valuation requires subjective judgements that, even if logical and appropriate, they may differ from those made by a purchaser, or another party undertaking a valuation. With respect to the methodology adopted judgements and estimates were used primarily in estimating an appropriate discount rate.

The investment property assets held relate to reversionary interests in freehold land. As such, these assets are in substance like financial investments as they generate income in the form of annual ground rents and other ancillary income streams.

The Company's investment property are stated without adjustment at the value calculated by the discounted cash flow methodology. The Directors are satisfied that this is the best available estimate of the fair value of the Company's investment property as at 31 March 2019.

Turnover

Turnover represents the value of ground rental income and recoverable expenses from properties, which are receivable for the year and accounted for on an accruals basis. Turnover arise solely within the United Kingdom.

Expenses

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

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NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Critical accounting estimates and judgements in applying accounting policies - (continued)

Taxation

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

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, using tax rates enacted or substantively enacted at the year-end date.

3. FINANCIAL RISK FACTORS

The Directors carry out the risk management function in respect of financial risks within 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/period. Financial risk comprises of market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity 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 comprises of cash and cash equivalents, trade payables and borrowings that arise directly from its operations.

The main risks arising from the Company's financial assets and financial liabilities are credit risk and liquidity risk. The Directors review and agree policies for managing its risk exposure. These policies are described below and have remained unchanged for the year/period under review.

Note that for the purpose of financial risk policies described below, trade and other receivables exclude prepayments while trade and other payables exclude deferred income. The figures disclosed in this section might therefore be different from amounts stated in other parts of the financial statements.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk through its investment property, as in the event of default by an occupational tenant in the property, the Company would suffer a rental income shortfall. The Directors believe that the Company does not have a concentration of credit risk as the Investment Property portfolio comprises of 645 units (2018: nil units) let to different tenants.

Cash and cash equivalents of the Company are held with Coutts & Co Ltd ("Coutts"). The Company is not exposed to any significant credit risk arising from cash held with the counterparties. As at the year/period end, the Fitch's credit ratings for the banks were as follows:

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FOR THE YEAR ENDED 31 MARCH 2019

3. FINANCIAL RISK FACTORS - (CONTINUED)

a) Credit risk - (continued)

	<u>31 Mar 2019</u>	<u>31 Mar 2018</u>
Bank	Rating	Rating
Barclays	A	A
Coutts	Not rated	Not rated
	<u>31 Mar 2019</u>	<u>31 Mar 2018</u>
	£'000	£'000
Cash and cash equivalents	106	-

The fair value of cash and cash equivalents at 31 March 2019 and 2018 approximates the carrying value. Cash risk is mitigated as cash and cash equivalents are held with reputable institutions.

Ground rents provide long term, stable rated income and failure to pay can lead to forfeiture of the tenants' long term lease and a windfall gain to the freeholder. The Company has policies in place to monitor the credit quality of receivables on an ongoing basis.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Company's liquidity position is reviewed on a semi-annual basis by the Directors.

The Company's investments comprise only of investment property assets that relate to reversionary interests in freehold land. Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process would reflect the actual sales price even where such sales occur shortly after the valuation date.

The table below summarises the Company's exposure to liquidity risk:

	<u>31 Mar 2019</u>	<u>31 Mar 2018</u>
	£'000	£'000
Financial assets - due within one year		
Cash and cash equivalents	106	-
Financial liabilities - due within one year		
Trade and other payables and loans due on demand	4,677	-

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NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3. FINANCIAL RISK FACTORS - (CONTINUED)

b) Liquidity risk - (continued)

The Company has the benefit of confirmation from its ultimate parent company that the loan payable will not be demanded to the extent that the demand would jeopardise the ability of the Company to meet its liabilities as they fall due.

	<u>31 Mar 2019</u>	<u>31 Mar 2018</u>
	£'000	£'000
Financial liabilities - due more than one year		
Loans payable	2,753	-

c) Foreign exchange risk

The Company has no significant exposure to foreign currency risk as at 31 March 2019 and 2018.

d) Price risk

The Company is indirectly exposed to property rental risk. Further details regarding the valuation of Investment Property are provided in note 2 accounting policies under the heading "Investment property" and note 4.

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

e) Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets.

The Company has entered into fixed rate loans payable to its ultimate parent company, with interest payable at a rate of 6.5% and 4.7% per annum (as detailed in notes 5 and 6 respectively). The Company is exposed to cash flow risk to the extent that the rental income received from the tenants is not sufficient to meet the loan interest and amortisation payment obligations. The shareholder loan payable to the ultimate parent company is repayable on such dates as agreed between Promenade Finance DAC and the Company (as detailed in note 5), however the Company has received confirmation that repayment will not be demanded to the extent that the demand would jeopardise the ability of the Company to meet its liabilities as they fall due. Accordingly the Directors believe that the cash flow risk is being managed.

Payables are interest-free and have settlement dates within one year.

f) Sensitivity analysis

Trade and other receivables and payables are interest-free and have settlement dates within one year.

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NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3. FINANCIAL RISK FACTORS - (CONTINUED)

f) Sensitivity analysis - (continued)

IFRS 7 requires disclosure of 'sensitivity analysis' for each type of market risk to which the entity is exposed to 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. See note 4 for sensitivity analysis on investment property.

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

4. INVESTMENT PROPERTY

	<u>31 Mar 2019</u>	<u>31 Mar 2018</u>
	£'000	£'000
	Audited	Unaudited
Cost at the start of the year/period	-	-
Additions during the year/period	7,133	-
Cost at the end of the year/period	<u>7,133</u>	<u>-</u>
Unrealised gain on the revaluation of investments at start of the year/period	-	-
Unrealised revaluation gain during the year/period	1,572	-
Unrealised gain on the revaluation of investments at end of the year/period	<u>1,572</u>	<u>-</u>
Fair value	<u><u>8,705</u></u>	<u><u>-</u></u>

The Company's investment property comprises 645 units let out to tenants (2018: nil units) and was valued on 31 March 2019 at £8,705,038 (2018: £nil). The investment properties held comprise a portfolio of reversionary interests in freehold land. As at 31 March 2019 the fair value has been estimated with reference to valuation based upon a discounted cash flow model.

Fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Details of the Company's investment property and information about the fair value hierarchy as at 31 March 2019 and 2018 are as follows:

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NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

4. INVESTMENT PROPERTY - (CONTINUED)

Fair value - (continued)

31 March 2019	Level 1	Level 2	Level 3
Assets	£'000	£'000	£'000
Residential units located in the UK	-	-	8,705
31 March 2018	Level 1	Level 2	Level 3
Assets	£'000	£'000	£'000
Residential units located in the UK	-	-	-

There were no transfers between the hierarchy levels during the year. A reconciliation of the level 3 positions is provided in the Freehold land table above.

The most significant unobservable input relates to the discount rates used. The discount rate is estimated to reflect current market assessment of the time value of future cash flows and the risks specific to the asset.

The following sensitivity analysis has been performed by management, with all other things being equal:

An increase in the discount rate of 0.05% would result in a reduction in the portfolio valuation by £154,200 (2018: £nil).

A decrease in the discount rate of 0.05% would result in an increase in the portfolio valuation by £158,967 (2018: £nil).

5. PAYABLES

	31 Mar 2019	31 Mar 2018
Due within one year	£'000	£'000
	Audited	Unaudited
Amount due to ultimate parent - shareholder loan	4,610	-
Amounts due to ultimate parent - senior loan	16	-
Accruals and deferred income	42	-
Trade payables	25	-
	4,693	-

On 16 November 2017 the Company entered into a Junior Target Facility Agreement with Promenade Finance DAC, for an amount up to £4,499,699 or such other amount as may be agreed from time to time. Interest was payable semi-annually on 25 March and 25 September at a rate of 5% per annum. The loan was repayable on such dates as agreed between Promenade Finance DAC and the Company. The amount outstanding at year end was £nil (2018: £nil). This loan, together with capitalised interest, was refinanced in full on 29 March 2018 (see below for information on the Shareholder Loan and Senior Refinancing Facility).

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NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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5. PAYABLES - (CONTINUED)

On 16 November 2018 the Company entered into a Shareholder Loan Agreement with Promenade Finance DAC, for an amount up to £4,604,229 or such other amount as may be agreed from time to time, in order to partially refinance the Junior and Senior Target Facilities (see above and below) and future funding requirements of the Company. Interest is payable semi-annually on 15 March and 15 September at a rate of 6.5% per annum. The loan is repayable on such dates as agreed between Promenade Finance DAC and the Company. The amount outstanding at year end was £4,610,000 (2018: £nil).

In the event that the Company cannot fully pay Shareholder Loan interest due, thus the Shareholder Loan Agreement allows for these amounts to be capitalised. This resulted in an increase of the loan balance of £5,771 during the year (2018: £nil).

On 16 November 2018 the Company entered into a Senior Refinancing Facility Agreement with Promenade Finance DAC as detailed in note 6. The Company makes amortisation repayments semi-annually on the Interest Payment Dates in accordance with an Amortisation Schedule. Amortisation payments due in the next 12 months amount to £15,623 (2018: £nil) and the total loan outstanding balance at year end amounted to £2,769,113 (2018: £nil).

Interest expense on both of the above loans amounting to £296,487 (period ended 2018: £nil) has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

6. LOANS PAYABLE

	<u>31 Mar 2019</u>	<u>31 Mar 2018</u>
	£'000	£'000
	Audited	Unaudited
Amounts due to ultimate parent - senior loan	2,753	-

On 16 November 2018 the Company entered into a Senior Refinancing Facility Agreement with Promenade Finance DAC for the sum of £2,776,619 or such higher amount agreed by Promenade Finance DAC from time to time, in order to partially refinance the Junior and Senior Target Facilities (see above) and future funding requirements of the Company. Interest is payable semi-annually on 25 March and 25 September at a rate of 4.7% per annum until 25 March 2020, with stepped increases every five years thereafter until 2030. The Company makes amortisation repayments semi-annually on the Interest Payment Dates in accordance with an Amortisation Schedule. The balance of this loan payable after 12 months amounted to £2,753,490 (2018: £nil) and the outstanding balance at the year end amounted to £2,769,113 (2018: £nil).

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FOR THE YEAR ENDED 31 MARCH 2019

7. TAXATION

The Company is a resident company assessed to income tax in the UK on UK rental income. The charge to UK corporation tax on ordinary activities for the year/period was £nil (period ended 2018: £nil).

	<u>1 Apr 2018</u> <u>to</u> <u>31 Mar 2019</u> £'000 Audited	<u>1 Jul 2017</u> <u>to</u> <u>31 Mar 2018</u> £'000 Unaudited
Factors affecting the tax charge		
Profit on ordinary activities before tax	1,365	-
Expected tax charge of 19% (2018: 19%)	259	-
Effect of:		
Gains, losses, allowances and net income adjustments for tax purposes	-	-
Unutilised losses carried forward	(259)	-
Current tax charge	-	-

8. SHARE CAPITAL

	<u>31 Mar 2019</u>	<u>31 Mar 2018</u>
	£	£
AUTHORISED, ISSUED AND PAID:		
1 ordinary share of £1 each	1	1

9. RELATED PARTY DISCLOSURES

C.M Warnes (appointed 29 June 2018) and J.C Bingham (resigned 1 April 2019) are/were Directors of the Company as well as Directors of wholly-owned subsidiaries of Sanne Group (UK) Limited and hold/held a financial interest in Sanne Group PLC, an entity listed on the London Stock Exchange which is the beneficial owner of Sanne Fiduciary Services Limited ("SFSL"). C.S Bidel (appointed 29 June 2018) and A.L Jeffery (appointed 1 April 2019) was/is also a Director of the Company and held/holds a financial interest in Sanne Group PLC. Sanne Group (UK) Limited provides administrative services to the Company at commercial rates. Administration fees of £24,632 (period ended 2018: £nil) were payable to Sanne Group (UK) Limited in respect of the year ended 31 March 2019, which £2,592 (2018: £nil) were outstanding in full at the year end. Other inter-group transactions are detailed in notes 5 and 6.

There were no fees due to the Directors during the prior period or current year.

10. DEFERRED TAXATION

Management has determined that there were no deferred tax assets or liabilities as at 31 March 2019 (2018: £nil).

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NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11. CONTROLLING PARTY

Pursuant to the transfer of shares of the Company from BDW Trading Limited on 29 June 2018, the Company's immediate parent company is Adriatic Land 8 Limited. The ultimate controlling party is Promenade Finance DAC, which is incorporated in Ireland. The Company's results have been consolidated into the consolidated financial statements of Promenade Finance DAC and copies of these are available at Fourth Floor, 76 Lower Baggot Street, Dublin 2, Ireland.

12. MARKET CONSIDERATIONS

Brexit

The 'Brexit' process initiated in 2017 consequent to the 2016 referendum, by which the United Kingdom is due to leave the European Union, continues to create economic and other uncertainties about both the process and its consequences which are risks that affect the real estate industry, particularly market values of investment property. Although there is no evidence to 31 March 2019 that Brexit has adversely affected the Company's activities, as the exit date approaches (which was extended to 31 January 2020), and the lack of a "Brexit deal" to date, the uncertainty in relation to the impact on the UK and EU economies as a result of a no deal Brexit increases and this may impact the valuation of the Company's investments in the coming years.

Leasehold Reform

On 20 March 2019, the Housing, Communities and Local Government Select Committee (the "Committee") issued a report on Leasehold Reform in the UK. The report builds on the outcome of the Government's consultation titled "Tackling unfair practices in the leasehold market", which was published in December 2017. Both reports were aimed at addressing leasehold market practices which are not considered to be in the customers' best interests, particularly in relation to matters such as ground rent terms, charges and the leasehold ownership model.

On 3 July 2019, the Government issued a response to the Committee's recommendations and agreed with recommendations such as, but not limited to, removing any financial value from future ground rent, giving consideration to commonhold as the primary model of ownership of flats, giving clearer information to consumers on how to buy and sell leasehold properties, increasing control over property related fees and charges.

The expected impact of the proposals is that new properties will not have leases which include annual payments to the owner of the freehold interest in the land. At this time, it is not envisaged that existing leases will change and thus the proposals are not expected to have a significant impact on the Company. The Directors will continue to monitor any policy implications of these publications and the potential impact on the Company.

13. SUBSEQUENT EVENTS

Director' Appointments and Resignations

A.L Jeffrey was appointed as a Director of the Company on 1 April 2019 while J.C.Bingham resigned from being a Director on 1 April 2019.

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NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

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13. SUBSEQUENT EVENTS - (CONTINUED)

The Finance (No.3) Bill

The Finance (No.3) Bill published in November 2018 set out a number of significant changes to the taxation of UK real estate which are due to come into effect in the near future. Gains arising on the disposal of UK commercial property are presently exempt from tax. Going forward UK corporation tax will be applicable to all gains arising on UK commercial property from 6 April 2019 and after April 2020 non-resident corporate landlords will be subject to UK corporation tax rather than income tax.

There are a number of exemptions that may be applied and elections to consider based on the investors composition and status. It is not possible at this stage to determine precisely the impact of these changes on the position of the Company but it is expected that the new rules will result, inter alia, in changes to applicable taxation rates, restrictions on allowable interest and changes in the way losses can be relieved.

There were no other subsequent events requiring adjustment or disclosure at the date of approval of these audited financial statements.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on the 17th day of December 2019.