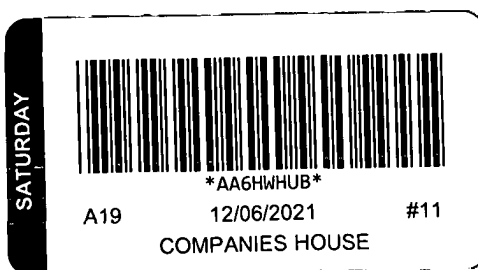


Company Registration No. 04538848 (England and Wales)

POCKET LIVING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



POCKET LIVING LIMITED

COMPANY INFORMATION

Directors	Mr P Harbard Mr M Vlessing Mr D Partridge Mr K Wong
Company number	04538848
Registered office	Tower House 10 Southampton Street London WC2E 7HA
Auditor	King & King Chartered Accountants & Statutory Auditors First Floor Roxburghe House 273 - 287 Regent Street London W1B 2HA

POCKET LIVING LIMITED

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POCKET LIVING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The extreme economic crisis resulting in a pandemic caused by the coronavirus had a small impact on the operations of the business. The company performed as expected despite the difficult economic environment by maintaining its sales and by its continual review of operating costs. Despite the pandemic, the loss for the year is primarily due to the impairment of an asset.

The group reported a total loss for the year of £5,079,193 (2019: £601,540). Net assets fell from £108,277 to a net deficit of £4,970,839.

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks that include changes in liquidity risk and interest rate risk.

Exchange rate risk

The group currently operates entirely in the United Kingdom and in £ sterling, therefore it is not exposed to currency exchange rate risk.

Interest rate cash flow risk

The group has various interest bearing loans. The interest rate risk is managed by having a mixture of fixed and floating interest rates on these loans.

Liquidity risk

The Board actively manages cash, bank and overdraft balances to ensure that the company has sufficient funds for operations and any planned expansion.

Development and performance

The group's principal focus during the financial year was to increase sales whilst maintaining the gross profit margin on those sales.

The group continues to manage its pipeline of future developments in order to achieve its strategic goals.

Other performance indicators

The directors have identified the following Key Performance Indicators to help understand and measure the performance of the company:

	2020 £'000	2019 £'000
Revenue	56,241	73,461
Gross profit	5,641	7,176
Gross profit margin (%)	10.03%	9.77%
Operating (Loss)/Profit	(4,589)	211

POCKET LIVING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Directors Statement of Compliance with duty to promote the success of the group - Section 172(1) Statement

Our People

The Group is dedicated to being a responsible business. Our business strategy is aligned with the expectation of our staff, clients, communities, and society. For our business to succeed we aim to manage our people's performance by providing appropriate training and coaching while ensuring we operate as efficiently as possible.

Business Relationships

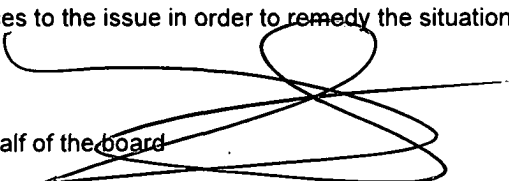
The Group is operating for the benefit of the shareholders having regard to the stakeholders in the business.

We recognize the social, environmental and economic impact on the people and resources we work with. We are constantly updating, managing and reviewing our processes to ensure the needs of our staff, suppliers, clients on which our business depends, are met. We always try to be reasonable in our dealings and we take all feedback seriously.

Environmental liabilities

The company conducts its operations in such a manner as to ensure compliance with environmental laws and regulations. If events occur where actions are necessary to maintain compliance, the Group will devote suitable resources to the issue in order to remedy the situations.

On behalf of the board



Mr M Vlessing
Director
26 March 2021

POCKET LIVING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Results and dividends

The results for the year are set out on page 8.

No interim dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P Harbard
Mr M Vlessing
Mr D Partridge
Mr K Wong

Future developments

The company has chosen to set out the company's future development details in the strategic report.

Auditor

King & King were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a general meeting.

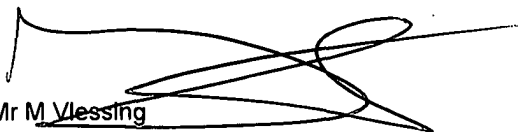
Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr M Vlessing
Director

26 March 2021

POCKET LIVING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POCKET LIVING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POCKET LIVING LIMITED

Opinion

We have audited the financial statements of Pocket Living Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 group's or the parent 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

POCKET LIVING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF POCKET LIVING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report and 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.

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 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 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

POCKET LIVING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF POCKET LIVING LIMITED

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.



Milankumar Patel (Senior Statutory Auditor)
for and on behalf of King & King
Chartered Accountant & Statutory Auditor
First Floor Roxburghe House
273 - 287 Regent Street
London
W1B 2HA

26 March 2021

POCKET LIVING LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	56,240,532	73,460,546
Cost of sales		(50,599,426)	(66,284,926)
Gross profit		5,641,106	7,175,620
Administrative expenses		(6,505,923)	(7,156,673)
Other operating income		372,835	192,333
Impairment charge	14	(4,096,692)	-
Operating (loss)/profit	4	(4,588,674)	211,280
Interest receivable and similar income	8	15,230	7,671
Interest payable and similar expenses	9	(1,697,164)	(1,084,835)
Loss before taxation		(6,270,608)	(865,884)
Tax on loss	10	1,191,415	214,344
Loss for the financial year	21	(5,079,193)	(651,540)
Other comprehensive income			
Revaluation of tangible fixed assets		-	50,000
Total comprehensive income for the year		(5,079,193)	(601,540)
Loss for the financial year is attributable to:			
- Owners of the parent company		(5,077,913)	(651,175)
- Non-controlling interests		(1,280)	(365)
		(5,079,193)	(651,540)
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		(5,077,913)	(601,175)
- Non-controlling interests		(1,280)	(365)
		(5,079,193)	(601,540)

POCKET LIVING LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		991,601		1,076,407
Current assets					
Stocks	14	105,648,001		127,260,860	
Debtors	15	3,405,613		2,805,402	
Cash at bank and in hand		25,555,899		21,846,445	
		134,609,513		151,912,707	
Creditors: amounts falling due within one year	16	(85,805,089)		(80,144,993)	
Net current assets			48,804,424		71,767,714
Total assets less current liabilities			49,796,025		72,844,121
Creditors: amounts falling due after more than one year	17		(54,757,364)		(72,726,344)
Provisions for liabilities					
Deferred tax liability	18	9,500		9,500	
			(9,500)		(9,500)
Net (liabilities)/assets			(4,970,839)		108,277
Capital and reserves					
Called up share capital	20		1,079		1,002
Share premium account	21		4,998		4,998
Profit and loss reserves	21		(4,977,442)		100,471
Equity attributable to owners of the parent company			(4,971,365)		106,471
Non-controlling interests			526		1,806
			(4,970,839)		108,277

The financial statements were approved by the board of directors and authorised for issue on 26 March 2021 and are signed on its behalf by:

Mr M Vlessing
Director

POCKET LIVING LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11	991,601		1,076,407	
Investments	12	112,804		112,804	
		<u>1,104,405</u>		<u>1,189,211</u>	
Current assets					
Stocks	14	540,180		-	
Debtors	15	31,437,525		33,374,479	
Cash at bank and in hand		11,401,225		3,698,065	
		<u>43,378,930</u>		<u>37,072,544</u>	
Creditors: amounts falling due within one year	16	<u>(33,131,393)</u>		<u>(32,798,475)</u>	
Net current assets		<u>10,247,537</u>		<u>4,274,069</u>	
Total assets less current liabilities		<u>11,351,942</u>		<u>5,463,280</u>	
Creditors: amounts falling due after more than one year	17	<u>(1,266,500)</u>		<u>(1,735,500)</u>	
Provisions for liabilities					
Deferred tax liability	18	9,500		9,500	
		<u>(9,500)</u>		<u>(9,500)</u>	
Net assets		<u>10,075,942</u>		<u>3,718,280</u>	
Capital and reserves					
Called up share capital	20	1,079		1,002	
Share premium account	21	4,998		4,998	
Profit and loss reserves	21	10,069,865		3,712,280	
Total equity		<u>10,075,942</u>		<u>3,718,280</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The Company's profit for the year was £6,357,585 (2019: £5,577,217).

The financial statements were approved by the board of directors and authorised for issue on 26 March 2021 and are signed on its behalf by:


Mr M Vleesing
Director

Company Registration No. 04538848

POCKET LIVING LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2019		1,002	4,998	706,910	712,910	2,171	715,081
Year ended 31 December 2019:							
Loss for the year		-	-	(651,175)	(651,175)	(365)	(651,540)
Other comprehensive income:							
Revaluation of tangible fixed assets		-	-	50,000	50,000	-	50,000
Total comprehensive income for the year		-	-	(601,175)	(601,175)	(365)	(601,540)
Dividends		-	-	(5,264)	(5,264)	-	(5,264)
Reduction of shares	20	(200)	-	-	(200)	-	(200)
Other movements		200	-	-	200	-	200
Balance at 31 December 2019		1,002	4,998	100,471	106,471	1,806	108,277
Year ended 31 December 2020:							
Loss and total comprehensive income for the year		-	-	(5,077,913)	(5,077,913)	(1,280)	(5,079,193)
Issue of share capital	20	77	-	-	77	-	77
Balance at 31 December 2020		1,079	4,998	(4,977,442)	(4,971,365)	526	(4,970,839)

POCKET LIVING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2019		1,002	4,998	6,860,000	(8,724,937)	(1,858,937)
Year ended 31 December 2019:						
Profit for the year		-	-	-	5,527,217	5,527,217
Other comprehensive income:						
Revaluation of tangible fixed assets		-	-	-	50,000	50,000
Total comprehensive income for the year		-	-	-	5,577,217	5,577,217
Reduction of shares	20	(200)	-	-	-	(200)
Transfers to profit and loss		-	-	(6,860,000)	6,860,000	-
Other movements		200	-	-	-	200
Balance at 31 December 2019		1,002	4,998	-	3,712,280	3,718,280
Year ended 31 December 2020:						
Profit and total comprehensive income for the year		-	-	-	6,357,585	6,357,585
Issue of share capital	20	77	-	-	-	77
Balance at 31 December 2020		1,079	4,998	-	10,069,865	10,075,942

POCKET LIVING LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	27	11,201,901		18,948,128	
Interest paid		(440,538)		(539,631)	
Income taxes paid		-		(285,786)	
Net cash inflow from operating activities		10,761,363		18,122,711	
Investing activities					
Purchase of tangible fixed assets		(32,075)		(48,525)	
Interest received		15,230		7,671	
Net cash used in investing activities		(16,845)		(40,854)	
Financing activities					
Proceeds from issue of shares		77		-	
Proceeds from borrowings		26,543,976		48,692,331	
Repayment of borrowings		(33,566,558)		(54,588,320)	
Dividends paid to equity shareholders		-		(5,263)	
Net cash used in financing activities		(7,022,505)		(5,901,252)	
Net increase in cash and cash equivalents		3,722,013		12,180,605	
Cash and cash equivalents at beginning of year		21,833,886		9,653,281	
Cash and cash equivalents at end of year		25,555,899		21,833,886	
Relating to:					
Cash at bank and in hand		25,555,899		21,846,445	
Bank overdrafts included in creditors payable within one year		-		(12,559)	

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Pocket Living Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Tower House, 10 Southampton Street, London, WC2E 7HA.

The group consists of Pocket Living Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The parent company has therefore taken advantage of exemptions from the following disclosures requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'- the information is provided with the consolidated financial statements of the group in which the entity is consolidated and the relevant disclosures are included in; and
- Section 33 'Related Party Disclosures'- Compensation for key management personnel.

The consolidated group financial statements consist of the financial statements of the parent company Pocket Living Limited together with all subsidiary undertakings made up to 31 December 2020 controlled by the parent company and the group's share of its interests in joint ventures and associates.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.2 Going concern

The directors have prepared detailed group financial projections for period ending 31 March 2022. These projections are based on assumptions that the directors consider to be reasonable and achievable.

In preparing these projections, the directors have also considered the potential emerging impact of the COVID-19. As at the date of approving these financial statements the group's trading volumes and client base have not been significantly affected by the pandemic, although it is difficult to evaluate all of the potential implications on the group's trade, customers and the wider economy.

The group incurred a operating loss of £4,588,674 during the year and the balance sheet shows a net deficit of £4,970,839. The group's immediate parent Related London Pocket Holdings Limited has given assurance of financial support to the group that it will provide necessary financial support to ensure that the group and the company continues to operate as a going concern in the foreseeable future.

After considering the above matters and current trading levels, the directors believe that the group will have adequate resources to meet its liabilities as they fall due so to operate as a going concern for at least twelve months following the date of approval of these financial statements. The directors therefore consider it appropriate to continue to apply the going concern basis for preparing the financial statements.

1.3 Turnover

Revenue from sale of residential properties is recognised on date of completion. Deposits are also recognised on completion.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	Straight line over the life of the lease
Fixtures & Fittings	3 years straight line
Equipment	3 years straight line

1.6 Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Impairment of investment in group undertakings

The company makes an estimate of the recoverable value of investment in group undertakings. When assessing impairment of group undertaking investments, management considers whether there is objective evidence of the impairment including:

- a. economic or legal reasons relating to the group undertaking's financial difficulty; and
- b. observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

Stock Provisioning

The company's stock is carried in the statement of financial position at the lower of cost and estimated selling price less costs to complete and sell. Provision is made to write down stock to fair value if this is below cost.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sales of properties	56,240,532	73,460,546

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the year is stated after charging:		
Research and development costs	28,903	29,946
Depreciation of owned tangible fixed assets	118,048	106,276
Operating lease charges	399,287	397,137
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor:		
For audit services		
Audit of the financial statements of the group and company	19,600	18,400
Audit of the financial statements of the company's subsidiaries	74,400	86,600
	<u> </u>	<u> </u>
	94,000	105,000
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2020 Number	2019 Number
Administrative staff	44	47
Management staff	4	2
	<u> </u>	<u> </u>
	48	49
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,848,417	4,215,823
Social security costs	456,783	439,291
Pension costs	154,963	140,855
	<u> </u>	<u> </u>
	4,460,163	4,795,969
	<u> </u>	<u> </u>

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	317,275	345,976

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	285,000	242,147

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	14,978	7,671
Other interest income	252	-
Total income	15,230	7,671

9 Interest payable and similar expenses

	2020 £	2019 £
Other finance costs:		
Other interest	1,697,164	1,084,835

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	(1,191,415)	(212,403)
Deferred tax		
Origination and reversal of timing differences	-	(1,941)
Total tax credit	(1,191,415)	(214,344)

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(6,270,608)	(865,884)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(1,191,416)	(164,518)
Tax effect of expenses that are not deductible in determining taxable profit	(22,430)	(31,747)
Unutilised tax losses carried forward	10,009	(38,667)
Permanent capital allowances in excess of depreciation	12,422	20,588
Taxation credit	(1,191,415)	(214,344)

11 Tangible fixed assets

Group	Leasehold Property £	Leasehold Improvements £	Plant and equipment £	Fixtures and fittings £	Total £
Cost					
At 1 January 2020	382,000	693,053	151,241	113,024	1,339,318
Additions	-	-	32,996	246	33,242
At 31 December 2020	382,000	693,053	184,237	113,270	1,372,560
Depreciation and impairment					
At 1 January 2020	-	111,062	88,310	63,539	262,911
Depreciation charged in the year	-	64,983	29,446	23,619	118,048
At 31 December 2020	-	176,045	117,756	87,158	380,959
Carrying amount					
At 31 December 2020	382,000	517,008	66,481	26,112	991,601
At 31 December 2019	382,000	581,991	62,931	49,485	1,076,407

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tangible fixed assets (Continued)

Company	Leasehold Property £	Leasehold Improvements £	Plant and equipment £	Fixtures and fittings £	Total £
Cost					
At 1 January 2020	382,000	693,053	151,241	113,024	1,339,318
Additions	-	-	32,996	246	33,242
At 31 December 2020	382,000	693,053	184,237	113,270	1,372,560
Depreciation and impairment					
At 1 January 2020	-	111,062	88,310	63,539	262,911
Depreciation charged in the year	-	64,983	29,446	23,619	118,048
At 31 December 2020	-	176,045	117,756	87,158	380,959
Carrying amount					
At 31 December 2020	382,000	517,008	66,481	26,112	991,601
At 31 December 2019	382,000	581,991	62,931	49,485	1,076,407

12 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	13	-	-	112,804	112,804

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2020 and 31 December 2020	112,804
Carrying amount	
At 31 December 2020	112,804
At 31 December 2019	112,804

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Subsidiaries

(Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct/ Indirect
Pocket Living (Q1 2015) Plc	UK	Property development	Ordinary	100.00
Pocket Living Mapleton Ltd	UK	Property development	Ordinary	100.00
Pocket Living (Addiscombe Grove) Ltd	UK	Property development	Ordinary	100.00
Pocket Living Gainsford Road Ltd	UK	Property development	Ordinary	100.00
Pocket Living The Heights Ltd	UK	Property development	Ordinary	100.00
Pocket Living Rosina St Ltd	UK	Property development	Ordinary	90.00
Pocket Leigham Court Ltd	UK	Property development	Ordinary	100.00
Pocket Living West Green Place Ltd	UK	Property development	Ordinary	100.00
Credon House Ltd	UK	Property development	Ordinary	100.00
Pocket Living Osier Way Ltd	UK	Property development	Ordinary	100.00
Pocket Living Bollo Lane Ltd	UK	Property development	Ordinary	100.00
Pocket Living Gardner Close Ltd	UK	Property development	Ordinary	100.00
Pocket Living Varcoe Road Ltd	UK	Property development	Ordinary	100.00
Pocket Living Whiting Avenue Ltd	UK	Property development	Ordinary	100.00
Pocket Living 2017 Ltd	UK	Holding company	Ordinary	100.00
Pocket Living 2017 Holdco Ltd	UK	Holding company	Ordinary	100.00
Pocket Living Pledgeco Ltd	UK	Holding company	Ordinary	100.00
Pocket Living Pledgeco Holdings Ltd	UK	Holding company	Ordinary	100.00
Pocket Living Mezzanine Ltd	UK	Holding company	Ordinary	100.00
Pocket Living Mezzanine Holdings Ltd	UK	Holding company	Ordinary	100.00
Pocket Living Kerswell Close Ltd	UK	Property development	Ordinary	100.00
Pocket Living KX Ltd	UK	Dormant	Ordinary	100.00
Pocket Living Sudbury Ltd	UK	Property development	Ordinary	100.00
Pocket Living Woodside Ltd	UK	Property development	Ordinary	100.00
Pocket Living Ossory Road Ltd	UK	Property development	Ordinary	100.00
Ossory Road Developments Ltd	UK	Dormant	Ordinary	100.00
Pocket Living Forest Road Ltd	UK	Property development	Ordinary	100.00
Pocket Living Sheepcote Road Ltd	UK	Property development	Ordinary	100.00
Pocket Money Ltd	UK	Dormant	Ordinary	100.00
Pocket Living Snaresbrook Ltd	UK	Property development	Ordinary	100.00
Pocket Living Bollo Commercial Ltd	UK	Property development	Ordinary	100.00
Pocket Living Varcoe Commercial Ltd	UK	Property development	Ordinary	100.00
Pocket Living Keston Depot Ltd	UK	Dormant	Ordinary	100.00
Pocket Living (2013) LLP	UK	Property development	Ordinary	100.00
Pocket Living Mandeville Street Ltd	UK	Property development	Ordinary	100.00
Pocket Living Blanmerle Road Ltd	UK	Property development	Ordinary	100.00

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Subsidiaries

(Continued)

All subsidiaries are registered in England and Wales.

14 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Work in progress	105,648,001	127,260,860	540,180	-

Stock is stated after provision for impairment of £4,096,692 (2019: £Nil)

Company

The company had no impairment at 31 December 2020 (2019: £Nil)

15 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	566,837	221,876	48,765	115,846
Corporation tax recoverable	1,146,755	-	1,146,755	-
Amounts owed by group undertakings	-	-	22,527,252	24,607,878
Other debtors	1,313,170	1,051,016	717,367	442,776
Prepayments and accrued income	239,999	1,393,658	6,858,534	8,069,127
	3,266,761	2,666,550	31,298,673	33,235,627
Deferred tax asset (note 18)	138,852	138,852	138,852	138,852
	3,405,613	2,805,402	31,437,525	33,374,479

16 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts		30,098,976	27,605,225	-	-
Other borrowings		31,415,627	27,500,949	31,415,627	28,779,949
Trade creditors		1,900,394	3,539,253	832,379	499,413
Amounts owed to group undertakings		-	-	-	1,182,872
Other taxation and social security		339,106	215,971	334,346	139,880
Other creditors		6,426,143	4,208,987	549,041	1,055,969
Accruals and deferred income		15,624,843	17,074,608	-	1,140,392
		85,805,089	80,144,993	33,131,393	32,798,475

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Creditors: amounts falling due within one year

(Continued)

Bank loans and other loans which are included in other creditors are secured by way of fixed and floating charge over all the assets of the borrowing entities.

Included in other borrowings is shareholder's loans of £29,815,054 (2019: £25,916,873) payable to immediate parent company Related London Pocket Holdings Limited. The loan is repayable on demand and interest charged on the the loan is 15% per annum.

Included in other borrowings are loans from Company directors of £800,000 (2019: £792,038) payable to Mr M Vlessing and £800,000 (2019: £792,038) payable to Mr P Harbard. Both loans are unsecured and repayable on demand. The interest is charged on both loans at 10% per annum. The total amount of interest paid was £120,000 (2019: £ Nil)

17 Creditors: amounts falling due after more than one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Other creditors	54,757,364	72,726,344	1,266,500	1,735,500

Greater London Authority loan which is included in other creditors due after more than one year is secured by way of fixed and floating charge over all the assets of the borrowing entities. The interest charged on the loan varies between 8.4% to 11.93% per annum.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Revaluations	9,500	9,500	-	-
Investments	-	-	138,852	138,852
	9,500	9,500	138,852	138,852
<hr/>				
Company	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Revaluations	9,500	9,500	-	-
Investments	-	-	138,852	138,852
	9,500	9,500	138,852	138,852

There were no deferred tax movements in the year.

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

18 Deferred taxation

(Continued)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

19 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	154,963	140,855

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary B Shares of 1p each	240	240	2	2
Ordinary A1 Shares of 1p each	30,000	30,000	300	300
Ordinary A2 Shares of 1p each	70,000	70,000	700	700
Deferred Shares of 1p each	1	1	-	-
Ordinary C Shares of 1p each	7,700	-	77	-
	107,941	100,241	1,079	1,002

Ordinary A1 and A2 shares have full rights in the company with respect to voting, dividends and distributions.

On 8th October 2020, the company issued 7,700 Ordinary C shares with aggregate nominal value of £77 and received consideration totalling £77.

21 Reserves

Share premium

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Profit and loss reserves

This reserve records retained earnings and accumulated losses.

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	455,000	455,000	455,000	455,000
Between two and five years	1,591,877	1,591,877	1,591,877	1,591,877
In over five years	983,548	1,438,548	983,548	1,438,548
	<u>3,030,425</u>	<u>3,485,425</u>	<u>3,030,425</u>	<u>3,485,425</u>

23 Related party transactions

Company

The Company has taken advantage of the exemption available in FRS102 S.33 1A, whereby it has not disclosed transactions with its wholly owned subsidiaries.

During the year the company received loan from its immediate parent company Related London Pocket Holdings Limited, 70% shareholder of the company, amounting to £3,898,181 (2019: £5,367,822). The total loan payable as at year end was £29,815,054 (2019: £25,916,873). The loan is payable on demand and interest applicable to this loan is 15% per annum.

24 Directors' transactions

Advances or credits have been granted to the group by its directors as follows:

Description	Interest Rate %	Opening balance £	Amounts advanced £	Closing balance £
Mr P Harbard -	10.00	792,038	7,962	800,000
Mr M Vlessing -	10.00	792,038	7,962	800,000
		<u>1,584,076</u>	<u>15,924</u>	<u>1,600,000</u>

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Controlling party

The immediate parent company is Related London Pocket Holdings Limited, a company incorporated in England and Wales. The registered office address is 31 Hill Street, London, W1J 5LS.

The largest and smallest groups in which the results are consolidated are headed by Related London Pocket Holdings Limited. The financial statements are publicly available at Companies House, Crownway, Cardiff, CF14 3UZ

The ultimate parent company is Related L.P, an entity registered in the US, and is controlled by Mr Stephen Ross.

26 Events after the reporting date

The outbreak of the Coronavirus (COVID-19), declared by the World Health Organisation as a " Global Pandemic" on 11th March 2020, has impacted global financial markets. In the UK, activity is being impacted in all sectors and the current response to COVID-19 means that we are faced with an unprecedented set of circumstances. At the approval date of these financial statements the future impact to the market is unknown and we cannot reliably estimate its effect on the company and the group in the short term.

In light of the current uncertainties the directors have assessed the potential financial implications of the pandemic and have concluded that the company has sufficient resources to allow it to continue through this period without any additional working capital funding required.

27 Cash generated from group operations

	2020 £	2019 £
Loss for the year after tax	(5,079,193)	(651,540)
Adjustments for:		
Taxation credited	(1,191,415)	(214,344)
Finance costs	1,697,283	1,084,835
Investment income	(15,230)	(7,671)
Depreciation and impairment of tangible fixed assets	118,048	106,276
Movements in working capital:		
Decrease in stocks	27,249,613	11,979,599
Decrease in debtors	1,969,237	2,209,711
(Decrease)/increase in creditors	(13,546,442)	4,441,262
Cash generated from operations	11,201,901	18,948,128

POCKET LIVING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

28 Analysis of changes in net debt - group

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	21,846,445	3,709,454	25,555,899
Bank overdrafts	(12,559)	12,559	-
	<u>21,833,886</u>	<u>3,722,013</u>	<u>25,555,899</u>
Borrowings excluding overdrafts	(54,672,615)	(6,841,988)	(61,514,603)
	<u>(32,838,729)</u>	<u>(3,119,975)</u>	<u>(35,958,704)</u>