

Citygrove Securities PLC
Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 March 2022

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for the Year Ended 31 March 2022

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Citygrove Securities PLC

Company Information
for the Year Ended 31 March 2022

DIRECTORS:

T R Baines
A J Rennie
D L Sheehan
A Banks

SECRETARY:

A Banks

REGISTERED OFFICE:

The White House
2 Meadrow
Godalming
Surrey
GU7 3HN

BUSINESS ADDRESS:

10 Albemarle Street
London
W1S 4HH

REGISTERED NUMBER:

04757585 (England and Wales)

AUDITORS:

Hughes Waddell
Chartered Accountants and Statutory Auditors
The White House
2 Meadrow
Godalming
Surrey
GU7 3HN

Strategic Report
for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Section 172(1) Statement

The Companies Act 2006 requires company directors to state they have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duties under section 172. These matters include: the need to foster the company's business relationships with suppliers, tenants, employees of related businesses and the impact of the company's operations on the communities and environments relevant to the strategy of the business. In the discussion below we refer to Citygrove Securities plc and the associated development companies through which we deliver projects.

The board is responsible for fulfilling the company's legal and fiduciary responsibilities and determines the overall strategic direction and risk appetite of the business. Our purpose is to develop and improve the built environment to help not only our tenants thrive but also the people who live and work there and how we contribute to the wider public realm and community. Wherever we undertake a project development our strategy is influenced by the requirements of our occupiers and changing workplace needs.

In the wake of the Covid-19 pandemic we have also addressed the size of our business to ensure focus on the key projects and the appropriateness of our risk profile to deliver shareholder returns and retain the key skilled staff to exploit market opportunities. We continue to maintain a firm grip on the capital allocation, balance sheet discipline and cash flow to ensure delivery of our key identified development projects.

Review of Business

The Company's main activity is that of acting as a project manager to a number of associated property development companies in the UK, Spain and Germany which carry out pre-let and pre-sold developments in the office, retail, hotel, leisure and residential sectors.

Results and Performance

The loss for the year before taxation was £ 1,618,246 (2021: profit before tax of £ 243,555). No dividend has been paid and the retained loss for the year after taxation, amounting to £ 1,306,711 (2021: profit after tax of £ 200,157) has been debited to reserves.

The financial results for the year show that the Company continues to trade successfully due to the income arising from the property developments carried out by associated companies in the UK, Spain and Germany. The Company and its associated companies continue to invest substantial amounts in various sites, primarily in those sites previously purchased in Germany. The directors expect the companies to generate substantial profits once these projects are sold.

Business Environment

Yields on commercial properties continue to remain attractive relative to other asset classes as interest rates are low. Long-term interest rates are expected to remain lower compared to historic rates as part of the concerted efforts of the UK and EU central banks to stimulate economic activity and manage public debt interest costs.

In the wake of the Covid-19 pandemic, the Company and its associated development companies have successfully progressed ongoing projects. Investment activity in the markets in which the Company operates remains muted due to recessionary fears but is expected to strengthen as market sentiment improves and the directors expect to sell development projects once completed subject to attractive pricing levels being achieved.

Strategy

The Company's ongoing success is dependent upon the proper selection, pricing and ongoing management of the property developments it undertakes. The directors continue to mitigate development and exit risks by pursuing pre-funded and pre-let deals wherever possible.

Strategic Report
for the Year Ended 31 March 2022

Key Performance Indicators

By the very nature of the Company's principal activities there are no key performance indicators. The Company has no employees other than its directors. All operations and business activities are undertaken on the Company's behalf by Citygrove Professional Services Limited through a service agreement.

Principal Risks and Uncertainties

There are many risks facing the Company as it operates both in highly competitive environments and economies which were initially thrown into recession due to initial lockdowns and social distancing measures adopted by governments across the regions in which the Company operates. Recessionary fears remain heightened against the backdrop of energy cost supply shocks and gradual interest rate rises by the UK and EU central banks to reduce inflationary pressures. Investor confidence also continues to be adversely affected by the UK's departure from the EU. Despite the continuing uncertainty over the timeframe for economic recovery and the impact of the UK's departure from the EU, the Company has continued to progress projects whilst controlling the cost base. The directors consider that the principal risks that the Company faces are as follows:

1) Financial

The Company has finite resources and is dependent upon the availability of financing. The directors monitor and manage the cash position of the Company on a constant basis and commitments are not undertaken unless funding is available. The Company regularly reviews its overheads and cut costs where necessary to ensure that sufficient funding is available to cover ongoing financial commitments.

2) Development

Changes in trends cause shifts in customer demand for properties which affect the commercial attractiveness of new lettings and may lead to tenants becoming insolvent and being unable to complete on a guaranteed pre-let. Development and construction risk includes the possibility of contractors becoming insolvent during the building process. The directors manage these risks by carrying out detailed financial checks on prospective tenants and contractors, including a financial covenant review before the contract is agreed, retaining highly experienced in-house leasing staff and by maintaining strong relationships with occupiers.

3) Planning Process

There is a planning risk that our schemes will not obtain consent from the relevant Local Authorities, or will take a disproportionate amount of time to gain approval. We try to minimise this risk by retaining specialist planning consultants to work on our behalf, by meeting with local planning officers and local residents at the earliest opportunity to find out their views and ensuring that we take account of their concerns in the design of our schemes.

4) People

There is a risk that the Company will not have the right people and skills in the business to meet its business objectives. The directors try to minimise this risk by ensuring that there is succession planning so that the loss of one individual does not lead to the loss of business relationships; by ensuring that staff go on regular training courses in all relevant disciplines to keep them up to date and by applying systematic and known procedures to ensure consistency of operations.

Future Developments

Since the financial year end the Company, and its associated companies, have continued to invest in the development sites wholly owned in the UK, and co-owned in Düsseldorf, Hannover and Lubeck in Germany, and in Marbella in Spain. Post the year end, a co-owned associate company sold a retail leisure park development in Santander at an attractive yield.

ON BEHALF OF THE BOARD:

A Banks - Secretary

Citygrove Securities PLC (Registered number: 04757585)

Strategic Report
for the Year Ended 31 March 2022

19 August 2022

Report of the Directors
for the Year Ended 31 March 2022

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of acting as project manager to a number of associated property development companies in the UK, Spain and Germany, and carrying out pre-let commercial property developments in the retail, hotel, leisure and residential sectors.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

T R Baines
A J Rennie
D L Sheehan
A Banks

CREDITORS

It is the company's policy to pay creditors within 28 days.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 company and of the profit or loss of the company 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Directors
for the Year Ended 31 March 2022

AUDITORS

The auditors, Hughes Waddell, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A Banks - Secretary

19 August 2022

Report of the Independent Auditors to the Members of Citygrove Securities PLC

Opinion

We have audited the financial statements of Citygrove Securities PLC (the 'company') for the year ended 31 March 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its 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 Auditors' 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

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Citygrove Securities PLC**

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Report of the Directors.

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, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

Report of the Independent Auditors to the Members of Citygrove Securities PLC

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We performed risk assessment procedures and obtained an understanding of the Company and its environment, the applicable financial reporting framework, the applicable laws and regulations, the Company's system of internal control and the fraud risk factors relevant to the Company that affect the susceptibility of assertions to material misstatement due to fraud. We made enquiries with management regarding actual or suspected fraud, non-compliance with laws and regulations, potential litigation and claims. The engagement partner led a discussion among the audit team with particular emphasis on how and where the Company's financial statements may be susceptible to material misstatement due to fraud, including how fraud might occur. The engagement partner assessed that the engagement team collectively had the appropriate competence and capability to identify or recognise non-compliance with laws and regulations.

We considered compliance with UK Companies Act 2006 and the applicable tax legislation as the key laws and regulations which non-compliance could directly lead to material misstatement due to fraud at the financial statement level. We evaluated whether the selection and application of accounting policies by the Company may be indicative of fraudulent financial reporting. Our audit procedures responsive to assessed risks of material misstatement due to fraud at the assertion level included but were not limited to:

- Testing the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Making inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries;
- Selecting and testing journal entries and other adjustments made at the end of a reporting period and throughout the period;
- Reviewing accounting estimates for biases that could represent a risk of material misstatement due to fraud;

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements due to irregularities, including fraud, may not be detected, even though we have properly planned and performed our audit in accordance with the auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as they may involve collusion, forgery, intentional omissions, override of internal controls, or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Citygrove Securities PLC**

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 a Report of the Auditors 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.

Nicholas Dodd BA, FCA (Senior Statutory Auditor)
for and on behalf of Hughes Waddell
Chartered Accountants and Statutory Auditors
The White House
2 Meadrow
Godalming
Surrey
GU7 3HN

19 August 2022

Income Statement
for the Year Ended 31 March 2022

	Notes	31.3.22 £	31.3.21 £
TURNOVER		951,510	673,000
Cost of sales		<u>380,046</u>	<u>792,980</u>
GROSS PROFIT/(LOSS)		571,464	(119,980)
Administrative expenses		<u>2,622,660</u>	<u>56,926</u>
		(2,051,196)	(176,906)
Other operating income		<u>255,000</u>	<u>250,000</u>
OPERATING (LOSS)/PROFIT	4	(1,796,196)	73,094
Interest receivable and similar income		<u>178,932</u>	<u>170,461</u>
		(1,617,264)	243,555
Interest payable and similar expenses	6	<u>982</u>	<u>-</u>
(LOSS)/PROFIT BEFORE TAXATION		(1,618,246)	243,555
Tax on (loss)/profit	7	<u>(311,535)</u>	<u>43,398</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(1,306,711)</u>	<u>200,157</u>

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 31 March 2022

	Notes	31.3.22 £	31.3.21 £
(LOSS)/PROFIT FOR THE YEAR		(1,306,711)	200,157
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>(1,306,711)</u>	
Prior year adjustment			<u>303,750</u>
TOTAL COMPREHENSIVE INCOME			
SINCE LAST ANNUAL REPORT			<u>503,907</u>

Citygrove Securities PLC (Registered number: 04757585)**Balance Sheet**
31 March 2022

	Notes	31.3.22 £	£	31.3.21 £	£
FIXED ASSETS					
Tangible assets	8		12,852		24,748
CURRENT ASSETS					
Debtors	9	37,037,592		37,714,576	
Cash at bank		<u>2,009,226</u>		<u>1,647,753</u>	
		39,046,818		39,362,329	
CREDITORS					
Amounts falling due within one year	10	<u>27,202,177</u>		<u>26,222,873</u>	
NET CURRENT ASSETS			<u>11,844,641</u>		<u>13,139,456</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,857,493</u>		<u>13,164,204</u>
CAPITAL AND RESERVES					
Called up share capital	12		50,000		50,000
Retained earnings			<u>11,807,493</u>		<u>13,114,204</u>
SHAREHOLDERS' FUNDS			<u>11,857,493</u>		<u>13,164,204</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 August 2022 and were signed on its behalf by:

T R Baines - Director

Statement of Changes in Equity
for the Year Ended 31 March 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	50,000	12,610,297	12,660,297
Prior year adjustment	-	303,750	303,750
As restated	50,000	12,914,047	12,964,047
Changes in equity			
Total comprehensive income	-	200,157	200,157
Balance at 31 March 2021	50,000	13,114,204	13,164,204
Changes in equity			
Total comprehensive income	-	(1,306,711)	(1,306,711)
Balance at 31 March 2022	50,000	11,807,493	11,857,493

Cash Flow Statement
for the Year Ended 31 March 2022

	Notes	31.3.22 £	31.3.21 £
Cash flows from operating activities			
Cash generated from operations	1	(1,622,894)	(3,479,390)
Interest paid		(982)	-
Tax paid		(114,648)	(127,296)
Net cash from operating activities		<u>(1,738,524)</u>	<u>(3,606,686)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(452)	-
Interest received		178,932	170,461
Net cash from investing activities		<u>178,480</u>	<u>170,461</u>
Cash flows from financing activities			
Net loans in year		1,921,517	1,098,040
Net cash from financing activities		<u>1,921,517</u>	<u>1,098,040</u>
Increase/(decrease) in cash and cash equivalents		<u>361,473</u>	<u>(2,338,185)</u>
Cash and cash equivalents at beginning of year	2	1,647,753	3,985,938
Cash and cash equivalents at end of year	2	<u>2,009,226</u>	<u>1,647,753</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2022**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.3.22 £	31.3.21 £
(Loss)/profit before taxation	(1,618,246)	243,555
Depreciation charges	12,348	12,235
Loans forgiven	(52,267)	(72,666)
Finance costs	982	-
Finance income	(178,932)	(170,461)
	(1,836,115)	12,663
Decrease in trade and other debtors	38,758	694,479
Increase/(decrease) in trade and other creditors	174,463	(4,186,532)
Cash generated from operations	(1,622,894)	(3,479,390)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2022

	31.3.22 £	1.4.21 £
Cash and cash equivalents	2,009,226	1,647,753

Year ended 31 March 2021

	31.3.21 £	1.4.20 £
Cash and cash equivalents	1,647,753	3,985,938

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.21 £	Cash flow £	At 31.3.22 £
Net cash			
Cash at bank	1,647,753	361,473	2,009,226
	1,647,753	361,473	2,009,226
Total	1,647,753	361,473	2,009,226

Notes to the Financial Statements
for the Year Ended 31 March 2022

1. STATUTORY INFORMATION

Citygrove Securities PLC is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include accrued income.

Turnover

Turnover consists of project related management fees relating to the year under unconditional contracts from projects in the United Kingdom, Spain and Germany, and the recharge of project related costs. Turnover is stated net of VAT. Turnover is recognised when the company obtains the right to consideration, which is when a project is complete and the profit can be accurately determined.

Accrued income represents rechargeable costs invoiced during the year that relate to future developments.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:-

Office equipment	- 25% per annum on a straight line basis
Fixtures & fittings	- 25% per annum on a straight line basis
Pictures	- 10% per annum on a straight line basis

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial instruments comprise financial assets, cash and cash equivalents, financial liabilities and equity instruments.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, or loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial asset are capitalised unless they relate to a financial asset classified at fair value through profit and loss in which case transaction costs are expensed in the income statement.

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are subsequently carried at amortised cost, using the effective interest rate method, less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses are recognised in the income statement when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

Cash and cash equivalents

Cash and cash equivalents are balances with banks.

Financial liabilities

Financial liabilities include interest bearing loans and borrowings, and trade and other payables.

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Equity

Equity instruments issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 March 2022 nor for the year ended 31 March 2021.

The average number of employees during the year was as follows:

	31.3.22	31.3.21
Directors	<u>4</u>	<u>4</u>
	31.3.22	31.3.21
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING (LOSS)/PROFIT

The operating loss (2021 - operating profit) is stated after charging:

	31.3.22	31.3.21
	£	£
Depreciation - owned assets	12,348	12,235
Auditors remuneration - audit services	10,500	10,000
Auditors remuneration - non audit services	-	4,725
Operating lease payments	<u>98,217</u>	<u>76,041</u>

The amount of operating lease payments recognised in profit or loss in the prior year was reduced by £43,433 due to Covid-19 related rent concessions.

5. EXCEPTIONAL ITEMS

	31.3.22	31.3.21
	£	£
Exchange losses- exceptional	<u>-</u>	<u>(757,980)</u>

The prior year exceptionally large exchange loss of £757,980 is included in cost of sales and relates to the company's loan balances and cash balances denominated in euros.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.3.22	31.3.21
	£	£
Interest on Corporation Tax	<u>982</u>	<u>-</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	31.3.22	31.3.21
	£	£
Current tax:		
UK corporation tax	<u>(311,535)</u>	<u>43,398</u>
Tax on (loss)/profit	<u>(311,535)</u>	<u>43,398</u>

UK corporation tax has been charged at 19% .

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.22	31.3.21
	£	£
(Loss)/profit before tax	<u>(1,618,246)</u>	<u>243,555</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(307,467)	46,275
Effects of:		
Expenses not deductible for tax purposes	4,188	872
Income not taxable for tax purposes	(9,931)	(5,472)
Depreciation in excess of capital allowances	1,675	1,723
Total tax (credit)/charge	<u>(311,535)</u>	<u>43,398</u>

There are no factors to note affecting future tax charges.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2022**

8. TANGIBLE FIXED ASSETS

	Pictures £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1 April 2021	17,400	80,127	41,979	139,506
Additions	-	-	452	452
At 31 March 2022	<u>17,400</u>	<u>80,127</u>	<u>42,431</u>	<u>139,958</u>
DEPRECIATION				
At 1 April 2021	10,440	80,127	24,191	114,758
Charge for year	1,740	-	10,608	12,348
At 31 March 2022	<u>12,180</u>	<u>80,127</u>	<u>34,799</u>	<u>127,106</u>
NET BOOK VALUE				
At 31 March 2022	<u>5,220</u>	<u>-</u>	<u>7,632</u>	<u>12,852</u>
At 31 March 2021	<u>6,960</u>	<u>-</u>	<u>17,788</u>	<u>24,748</u>

9. DEBTORS

	31.3.22 £	31.3.21 £
Amounts falling due within one year:		
Trade debtors	489	-
Other debtors	311,535	-
Related undertakings	23,873,755	25,633,436
VAT	11,840	-
Prepayments and accrued income	39,146	130,233
	<u>24,236,765</u>	<u>25,763,669</u>
Amounts falling due after more than one year:		
Other debtors	40,000	-
Related undertakings	12,760,827	11,950,907
	<u>12,800,827</u>	<u>11,950,907</u>
Aggregate amounts	<u>37,037,592</u>	<u>37,714,576</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.22 £	31.3.21 £
Trade creditors	5,778	56,606
Corporation tax	-	114,648
VAT	-	69,448
Other creditors	7,470,000	5,620,000
Related undertakings	19,383,064	20,313,575
Accruals and deferred income	343,335	48,596
	<u>27,202,177</u>	<u>26,222,873</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2022

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.22	31.3.21
	£	£
Within one year	102,960	102,960
Between one and five years	154,440	257,400
	<u>257,400</u>	<u>360,360</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.22	31.3.21
			£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

13. OTHER FINANCIAL COMMITMENTS

There is a fixed and floating charge over the company's assets dated 19 May 2017 in respect of a loan of £11,740,000 advanced to a company under common control.

14. TRANSACTIONS WITH RELATED PARTIES

COMPANIES UNDER COMMON CONTROL	31.3.22	31.3.21
	£	£
Fees receivable	945,750	673,000
Other operating income	250,000	250,000
Fees payable	2,065,231	25,000
Loans due from companies under common control	36,634,582	37,584,343
Loans forgiven	1,541	72,666
Loans due to companies under common control	19,383,064	20,313,575

(a) Loans from companies under common control are interest free, unsecured and repayable on demand.

(b) Included in loans to companies under common control are three loans totalling £12,760,827,465 (2021:

£11,950,907)
which are
repayable
after more
than one
year. Two of
the loans
bear interest
at 1% per
annum and
the third loan
bears interest
at 0.5% per
annum. All
the other
loans to
companies
under
common
control are
interest free,
unsecured
and

repayable on
demand.

(c) See note 13 for details of cross collateral provided to one of the companies under common control.

Other Creditors include the following amounts due to related parties:

£2,570,000 (2021: £2,720,000) owed to the wife of a director. The loan is interest free and repayable on demand.

£4,900,000 (2021: £2,900,000) owed to a trust, of which the wife of a director is the settlor and principal beneficiary. The loan is interest free and repayable on demand.

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