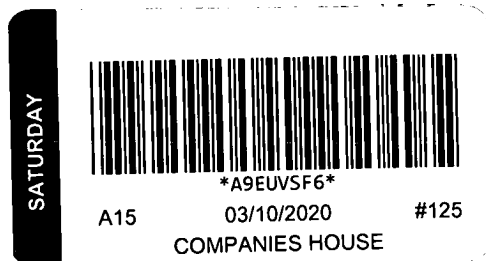


ABBAY COMMERCIAL LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



ABBAY COMMERCIAL LTD

COMPANY INFORMATION

Directors	B Ackerman N Ackerman
Registered number	04827515
Registered office	113 Brent Street London NW4 2DX
Independent auditors	Wilder Coe Ltd Chartered Accountants and Statutory Auditors 1st Floor Sackville House 143-149 Fenchurch Street London EC3M 6BL

ABBAY COMMERCIAL LTD

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ABBHEY COMMERCIAL LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present their Strategic Report for the year ended 31 December 2019.

The Company is a member of the Bana One Ltd group of companies. Bana One Ltd prepares consolidated accounts which contain a Strategic Report for the entire group.

The Business Review below relates only to the Company and its own subsidiaries, hereafter "the Group".

Principal activities and strategy

The Group's principal activity continues to be investment in UK real estate. The Group's portfolio is centred on London and the South of England. It comprises a broad range of commercial, industrial and residential properties.

Our objectives are to achieve capital growth from a well-diversified portfolio, and to generate income to reinvest in the business.

Our strategy to achieve these objectives is as follows:

- intensive property management to achieve rental growth and cost efficiencies
- undertake refurbishment projects to improve the quality of the estate
- pursue development opportunities, in particular to continue to expand our London residential portfolio
- to acquire new sites and buildings that complement our existing holdings
- to retain sufficient cash in reserve to cover costs in respect of the Covid-19 pandemic

Impact of Covid-19

The ongoing Covid-19 pandemic has had a significant impact on the Company, which I summarise below.

a. Commercial property

Our commercial property portfolio accounts for c. 60% of the Group's rental income. Retail and leisure tenants account for c. 75% of our commercial portfolio, equating to c. 45% of the group's total rent income. As such, we have a significant exposure to businesses facing massive disruption at best, and existential threat at worst.

Commercial rent collection has fallen sharply. At the time of writing, we have collected 80% of March 2020 quarter rent, and 78% of our June 2020 quarter rents. The moratorium on commercial rent arrears recovery action, now extended to the end of the year, puts landlords in a very difficult position. Our strong in-house asset management team has fostered close relationships with our tenants, and we assess the position with each customer on its merits. We expect the collection figures noted above to improve.

b. Residential property

In addition to significant numbers of tenants being furloughed and having difficulty paying their rent, we also experienced a sharp increase in the number of vacant units. In particular, students and international workers were able to bring their tenancies to an end, and this was compounded by an inability to market and re-let the flats during lockdown. Letting activity has resumed but our voids remain higher than before.

ABBHEY COMMERCIAL LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

c. Development projects

The nationwide lockdown resulted in temporary closure of a number of our building sites. Our main contractors carried out health and safety assessments, and have now been able to resume construction work. We have also experienced some disruption in the supply chain for goods and materials. Both of these factors have led to extensions of time on projects, delays in bringing new units to the market, and the consequent loss of rental income.

Business review and performance in 2019

The board is satisfied with the results for the year.

a. Income

The Group's rental income for the year has increased by 9% to £15.84M, mainly attributable to the following:

- Increased occupancy of commercial units following refurbishment works
- Upward rent reviews reflecting a 15% increase on passing rent
- Rental income from 17 new residential units that were completed in 2018 and 2019.

Rental income also includes £0.63M income accrued in respect of rent-free periods. Premiums derived from residential long lease extensions decreased by 2% from £1.21M to £1.19M.

The Company's accounts also reports a loss on sale of investment properties. As explained in Note 10, numerous properties were sold to other group companies as part of the refinancing exercise. The Company sold one site to a third party for £750,000, generating a book loss of £245,000.

b. Capital value

With the exception of c. £7M of property, the Group's entire portfolio was valued in the year by bank-appointed external surveyors.

We have continued to improve the quality of our buildings, with capital expenditure of £3.7M in 2019, and a further £1.8M of contracted capital expenditure committed at the year-end date. In particular:

- In early 2020, we completed two office refurbishment projects in Brighton, and have let the new units at a combined rent of £0.375M.
- We progressed the construction of 9 townhouses at a site in Hackney which is due to complete in September 2020.
- We continue to progress with numerous smaller residential refurbishment projects and permitted development conversions.
- Finally, we continue to work on development schemes and planning applications for a number of other residential and office projects in London.

ABBEY COMMERCIAL LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

c. Financing

We are pleased to report that in November 2019 we completed the refinancing of our £134M loan facility with Lloyds Bank with a new £190M ten-year facility with Bank J Safra Sarasin, of which £4.3M remains undrawn, and of which £160M is hedged by an interest rate swap. As part of this transaction, we also repaid an existing £11.6M loan from Bank J Safra Sarasin, and other group subsidiaries made further scheduled debt repayments.

Principal risks and uncertainties

a. Tenant deposits

We are in dialogue with numerous tenants regarding payment plans, rent holidays and reductions. Unfortunately, we also have tenants who have become insolvent, and have either appointed administrators or liquidators, or who seek agreement for Creditors Voluntary Arrangements. It is too early to quantify the financial impact of these events, though undoubtedly there will be a cost. Our broad tenant base means that we are not overly-reliant on individual tenants or corporate groups. Our top five tenant exposures represent 10.5% of Group rental income.

At the year-end the Group held £2.6M in ring-fenced tenant deposit accounts, in respect of commercial tenancies, and residential tenancies where deposits fall outside the scope of the Deposit Protection Scheme. In addition, deposits equivalent to 5 weeks rent for all qualifying Assured Shorthold Tenancies are transferred to the custodial Deposit Protection Scheme (DPS).

b. Changes to commercial lease terms and income stream

Many believe that the retail and office landscape is in the process of a fundamental shift away from what tenants consider to be inflexible leases with upward-only rent reviews. Undoubtedly, prospective tenants will seek greater flexibility to avoid onerous lease commitments in the event of future disruptions. The recently-published changes to the Use Classes Order will provide landlords and tenants with greater flexibility to respond to the evolution of the High Street.

We firmly believe that demand will remain for quality accommodation in good locations. With this in mind, we plan to progress with our plans to refurbish and redevelop certain properties.

As in past economic downturns, the Group's residential portfolio has proved to be very resilient, and has helped the business to weather these difficult times. We remain committed to our longstanding objective to increase our residential property base.

c. Loan covenants and access to finance

At 31 December 2019, the Group's nominal bank debt was £185.64M, and the loan-to-value ratio of the Group portfolio was 60%. We continue to meet our loan covenants.

d. Finance costs

As previously reported, we adopt a low-risk approach to exposure to interest rate movements. The new loan facility is hedged with an interest-rate swap which covers 86% of the current debt, leaving £25.64M of debt unhedged and subject to movement in the Libor rate. This provides flexibility to sell properties in future, and is considered to be low risk.

ABBAY COMMERCIAL LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Conclusion

We are satisfied with the performance of the business in the year. We are mindful of changes to consumer behaviour and working patterns, and reduced demand for office and retail space. The pandemic, combined with uncertainty over the UK's future trading relationship with the EU, give little cause for optimism for UK businesses. Our timely refinancing in November 2019 puts the Group in a strong position to withstand the enormous economic damage caused by Covid-19, and to remain focused on our long-term strategy.

This report was approved by the board on 29 September 2020 and signed on its behalf.

.....
B Ackerman
Director



ABBHEY COMMERCIAL LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is that of property investment.

Directors

The directors who served during the year were:

B Ackerman
N Ackerman

Results and dividends

The profit for the year, after taxation, amounted to £22,589,640 (2018 - £3,582,144).

An interim dividend of £59,478,295 was paid on 28 November 2019, in order to transfer surplus proceeds from the new loan to Bana One Ltd. Bana One Ltd did not declare a dividend in the year.

Auditors

The auditors, Wilder Coe Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 to 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.

ABBAY COMMERCIAL LTD

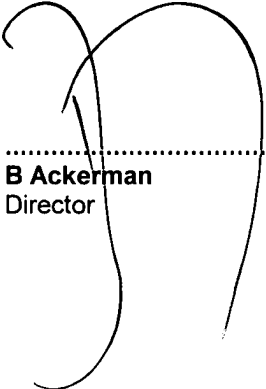
**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 29 September 2020 and signed on its behalf.


.....
B Ackerman
Director

ABBEY COMMERCIAL LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABBEY COMMERCIAL LTD

Opinion

We have audited the financial statements of Abbey Commercial Ltd (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 December 2019 and of its profit 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 United Kingdom, including the Financial Reporting Council'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 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.

ABBHEY COMMERCIAL LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABBHEY COMMERCIAL LTD (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion 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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

ABBEY COMMERCIAL LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ABBEY COMMERCIAL LTD
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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 Auditors' 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.

Mark Saunders BA FCA (Senior Statutory Auditor)
for and on behalf of



Wilder Coe Ltd
Chartered Accountants and Statutory Auditors
1st Floor Sackville House
143-149 Fenchurch Street
London
EC3M 6BL

Date: 29 September 2020

ABBAY COMMERCIAL LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	14,940,911	13,961,778
Cost of sales		(4,930,969)	(6,126,261)
Gross profit		10,009,942	7,835,517
Administrative expenses		(1,455,769)	(10,172)
Operating profit		8,554,173	7,825,345
Income from fixed assets investments	6	2,100,000	-
Interest receivable and similar income		-	5,810
Interest payable and similar expenses	7	(3,422,091)	(4,656,984)
(Loss)/profit on disposal of investment properties		(1,134,944)	309,458
Revaluation of investment properties		21,768,883	3,000,000
Impairment of fixed asset investments	11	(98,980)	(3,000,000)
Profit before taxation		27,767,041	3,483,629
Taxation	8	(5,177,401)	98,515
Profit for the financial year		22,589,640	3,582,144

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 13 to 25 form part of these financial statements.

ABBEY COMMERCIAL LTD
REGISTERED NUMBER: 04827515

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Investment properties	10	233,604,124	209,807,886
Investments	11	26,077,002	17,768,321
		<u>259,681,126</u>	<u>227,576,207</u>
Current assets			
Debtors	12	38,382,684	12,253,112
Cash at bank and in hand		4,963,606	7,009,241
		<u>43,346,290</u>	<u>19,262,353</u>
Creditors: amounts falling due within one year	13	(27,608,429)	(123,412,214)
Net current assets/(liabilities)		<u>15,737,861</u>	<u>(104,149,861)</u>
Total assets less current liabilities		<u>275,418,987</u>	<u>123,426,346</u>
Creditors: amounts falling due after more than one year	14	(184,120,204)	-
Provisions for liabilities	15	(21,058,195)	(16,297,133)
Net assets		<u><u>70,240,588</u></u>	<u><u>107,129,213</u></u>
Capital and reserves			
Allotted, called up and fully paid share capital	17	4	4
Share premium account	20	-	57,478,265
Profit and loss account	20	70,240,584	49,650,944
Total equity		<u><u>70,240,588</u></u>	<u><u>107,129,213</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

29 September 2020

.....
B Ackerman
 Director

The notes on pages 13 to 25 form part of these financial statements.

ABBAY COMMERCIAL LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2019	4	57,478,265	49,650,944	107,129,213
Comprehensive income for the year				
Profit for the year	-	-	22,589,640	22,589,640
Permissible capital reconstruction	-	(57,478,265)	57,478,265	-
Dividends: Equity capital	-	-	(59,478,265)	(59,478,265)
At 31 December 2019	4	-	70,240,584	70,240,588

The notes on pages 13 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	4	57,478,265	48,368,800	105,847,069
Comprehensive income for the year				
Profit for the year	-	-	3,582,144	3,582,144
Dividends: Equity capital	-	-	(2,300,000)	(2,300,000)
At 31 December 2018	4	57,478,265	49,650,944	107,129,213

The notes on pages 13 to 25 form part of these financial statements.

ABBEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Abbey Commercial Ltd (Company number: 04827515) is a private company limited by shares, incorporated in England and Wales. The registered office is 113 Brent Street, London, NW4 2DX. The trading address is the same as the registered office.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage from the exemption in Financial Reporting Standard 102, Section 33.1A not to disclose transactions with group entities which are wholly owned by a member of the group.

These financial statements are not consolidated because the Company is included within the financial statements of a larger group with a parent in an EEA state. Details of these consolidated financial statements are given below.

Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 'Statement of Cash Flows'.
- the requirements of Section 3 'Financial Statement Presentation' paragraph 3.17(d); and
- the requirements of Section 33 'Related Party Disclosures' paragraph 33.1A

This information is included in the consolidated financial statements of Bana One Limited as at 31 December 2019 and these financial statements may be obtained from 113 Brent Street, London, NW4 2DX.

2.2 Turnover

Turnover comprises rental and other property related income exclusive of Value Added Tax.

Turnover in respect of rental income, lease premiums, insurance and other recharges of property related expenditure is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding Value Added Tax.

ABBEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.4 Investment properties

Investment properties are carried at fair value, determined annually by the directors on the basis of open market values for its current use. No depreciation is provided in relation to investment properties. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.5 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the Statement of Comprehensive Income.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

ABBHEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.7 Financial instruments

The Company 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 assets and liabilities are offset, with 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 rate 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.

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 when 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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and other loans including loans from fellow group companies, are initially recognised at transaction price.

Short-term creditors are measured at cost/transaction price and not amortised.

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

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at each reporting date at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss.

ABBHEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

The current corporation tax charge is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Directors valuation of investment properties

As described in note 10, substantially all properties were independently valued as at the Balance Sheet date. When properties are not formally valued by 3rd party valuers, they are valued by a director who is a chartered surveyor. In arriving at valuations, the director must make judgements about the specific circumstances of each property, as well as macro-economic conditions.

ABBHEY COMMERCIAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Rent receivable	13,487,503	12,416,508
Lease premiums	12,350	59,000
Other income	1,441,058	1,486,270
	<u>14,940,911</u>	<u>13,961,778</u>

All turnover arose within the United Kingdom.

5. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Directors	<u>2</u>	<u>2</u>

6. Income from fixed asset investments

	2019 £	2018 £
Dividends received from subsidiary	<u>2,100,000</u>	<u>-</u>

7. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	5,768,108	6,052,649
Fair value adjustments on interest rate swaps	(2,349,604)	(1,395,665)
Other interest payable	3,587	-
	<u>3,422,091</u>	<u>4,656,984</u>

ABBHEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	638,436	412,725
Adjustments in respect of previous periods	(222,097)	-
Total current tax	<u>416,339</u>	<u>412,725</u>
Deferred tax		
Origination and reversal of deferred tax	4,761,062	(511,240)
Total deferred tax	<u>4,761,062</u>	<u>(511,240)</u>
Total tax charge/(credit) for the year	<u>5,177,401</u>	<u>(98,515)</u>

ABBEY COMMERCIAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	27,767,041	3,483,629
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	5,275,738	661,890
Effects of:		
Income not taxable	(399,000)	(10,640)
Deferred tax charge	-	(511,240)
Deferred tax not recognised	(213,095)	-
Deferred tax not previously unrecognised	(588,065)	-
Other timing differences	-	129
Changes in fair value of property not taxable	-	(570,000)
Utilisation of group and non-trade financial losses	-	(397,615)
Capital allowances for year in excess of depreciation	-	(11,549)
Fixed asset differences	215,639	-
Additional deduction for land remediation expenditure	(10,951)	-
Expenses not deductible for tax purposes	1,119,232	740,510
Adjustment in respect of prior periods	(222,097)	-
Total tax charge/(credit) for the year	5,177,401	(98,515)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Dividends declared and paid

	2019 £	2018 £
Dividends paid	59,478,265	2,300,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Investment properties

	Freehold property £	Long leasehold property £	Total £
Fair value			
At 1 January 2019	205,607,007	4,200,879	209,807,886
Properties purchased from group companies	18,615,454	-	18,615,454
Capital expenditure	3,491,901	-	3,491,901
Properties sold to group companies	(19,100,000)	-	(19,100,000)
Properties sold to third parties	(980,000)	-	(980,000)
Revaluations	21,509,762	259,121	21,768,883
At 31 December 2019	<u>229,144,124</u>	<u>4,460,000</u>	<u>233,604,124</u>

As reported in the table above, in November 2019 the Company sold property valued at £19,100,000 to fellow group companies. At the same time the Company purchased property valued at £20,575,000 from other group companies. The sales price was adjusted for deferred tax, in order that the disposals occurred at "no gain no loss" for tax purposes. This has resulted in a book loss on disposal, and corresponding profit on reversal of deferred tax provisions - see note 15.

In the current year the fair value of investment properties have been determined with reference to independent red book valuations.

ABBEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2019	20,768,321
Additions	8,418,000
Disposals	(3,109,319)
At 31 December 2019	<u>26,077,002</u>
Impairment	
At 1 January 2019	3,000,000
Charge for the period	98,980
Reversal of impairment on disposed investments	(3,098,980)
At 31 December 2019	<u>-</u>
Net book value	
At 31 December 2019	<u><u>26,077,002</u></u>
At 31 December 2018	<u><u>17,768,321</u></u>

As part of a group restructuring exercise, the Company sold its shareholding in the wholly owned subsidiary, Banta Estates Limited to the ultimate parent company. Prior to the sale the Company received a dividend from Banta Estates Limited and consequently impaired the value of the investment recognised.

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
CH Chesterford Limited	Property investment	Ordinary	100%
Downham Limited	Property investment	Ordinary	100%
Sledgehammer Holdings Company Limited	Property investment	Ordinary	100%
Verondy Limited	Property investment	Ordinary	100%
Vinehall Estates Limited	Property investment	Ordinary	100%

ABBAY COMMERCIAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Roadrunner Properties Limited	Property investment	Ordinary	100%
Sledgehammer Properties Limited	Property investment	Ordinary	100%
Downham (Nominees) Ltd	Dormant	Ordinary	100%
Vinehall (Nominees) Ltd	Dormant	Ordinary	100%

12. Debtors

	2019	2018
	£	£
Amounts falling due within one year		
Trade debtors	289,147	440,753
Amounts owed by group undertakings	31,912,800	8,974,459
Other debtors	3,242,162	1,756,885
Interest rate swap asset	1,323,136	-
Prepayments and accrued income	1,615,439	1,081,015
	<u>38,382,684</u>	<u>12,253,112</u>

13. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Bank loans (secured - see note 14)	802,239	112,195,427
Interest rate swap liability	-	1,026,468
Trade creditors	1,151,698	250,790
Amounts owed to group undertakings	19,209,713	4,324,214
Corporation tax	638,436	412,725
Other creditors	2,629,236	1,922,767
Accruals and deferred income	3,177,107	3,279,823
	<u>27,608,429</u>	<u>123,412,214</u>

ABBAY COMMERCIAL LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans (secured - see below)	184,120,204	-

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2019 £	2018 £
Repayable by instalments	6,957,519	-
Repayable other than by instalments	173,013,750	-
	179,971,269	-

Secured loans

The bank loan is secured by fixed legal charges over the properties to which it relates, including properties owned by subsidiaries and a floating charge over the assets of the Company.

As at the Balance Sheet date the Company has an undrawn facility of £4,275,000 with the same lender.

ABBHEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Deferred taxation

	2019 £	2018 £
At beginning of year	16,297,133	16,808,373
Charged/(credited) to profit and loss	4,761,062	(511,240)
At end of year	21,058,195	16,297,133

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Revaluation of investment properties	21,478,902	16,297,133
Short term timing differences	(420,707)	-
	21,058,195	16,297,133

Included in the net amount charged/(credited) to the Statement of Comprehensive Income is a credit balance of £937,888 relating to the reversal of the deferred tax provisions relating to properties sold to other group companies in the year. Also included in this figure is a debit balance of £1,959,547 relating to the addition of deferred tax provisions on properties purchased from other group companies during the year.

The amount of the net reversal of deferred tax expected to occur next year is dependent on any future fair value movements on investment properties.

16. Capital commitments

At 31 December 2019 the Company had capital commitments for property developments of £1,800,000 (2018: £2,100,000).

17. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
4 Ordinary shares of £1.00 each	4	4

ABBAY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Related party transactions

The Company has taken advantage of the exemption available in FRS 102 section 33.1A 'Transactions with group members' whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Included within other creditors are amounts due to a related companies under common control of £30,654 (2018: £45,424).

During the year, management fees of £1,609,266 (2018: £1,319,132) were payable to a related company under common control.

19. Controlling party

As at 31 December 2019 and 31 December 2018, the immediate parent undertaking was Bana One L1 Ltd, a company incorporated in England and Wales.

As at 31 December 2019 and 31 December 2018, the ultimate parent undertaking was Bana One Limited, a company registered in England and Wales.

Bana One Limited prepares group financial statements and copies can be obtained from 113 Brent Street, London, NW4 2DX.

As at 31 December 2019 and 31 December 2018, B Ackerman was the ultimate controlling party of Bana One Limited.

20. Reserves

As at 31 December 2019, there were distributable reserves of £11,686,487 (2018: £2,382,318). The non-distributable component as at 31 December 2019 was £58,554,097 (2018: £47,268,626).