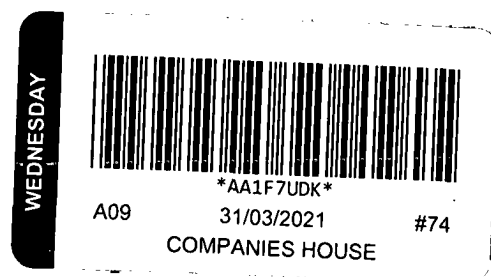

CATHEDRAL (BROMLEY) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



CATHEDRAL (BROMLEY) LIMITED

COMPANY INFORMATION

Directors	R Upton M S Weiner M O Shepherd S Whittle (appointed 25 March 2020, resigned 26 June 2020)
Company secretary	C J Barton
Registered number	06380620
Registered office	7A Howick Place London SW1P 1DZ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Bankers	Allied Irish Bank (GB) 85 Uxbridge Road Ealing London W5 5TH Barclays Bank PLC 50 Pall Mall London SW1A 1QA
Solicitors	Clyde & Co 1 Stoke Road Guildford Surrey GU1 4HW

CATHEDRAL (BROMLEY) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditors' report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 20

CATHEDRAL (BROMLEY) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Business review, principal activities and future developments

The principal activity of the company during the year and for the foreseeable future is that of property development. The Directors do not foresee any change in the future activities of the company.

The loss for the year ended 31 March 2020, after taxation, amounted to £11,220,250 (13 month period ended 31 March 2019: £2,224,696)

The Directors are unable to recommend the payment of a dividend (13 month period ended 31 March 2019: £NIL).

During the year ended 31 March 2020, management impaired the carrying value of the commercial stock by £10,188,472. This impairment has been driven by revised recoverability assumptions made throughout the year.

Principal risks and uncertainties


The management of the business and the execution of the company's strategy are subject to a number of risks. The company is a member of the U and I Group Plc group of companies. Further discussion of the risks and uncertainties, in the context of the group as a whole, is provided in the group's annual report which does not form part of this report.

The outbreak of Covid-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, creates an unprecedented degree of uncertainty over both the severity of the risks and the effectiveness of mitigating actions.

Financial key performance indicators

The Directors of U and I Group Plc manage the group's operations on a group basis. For this reason, the company's Directors believe that an analysis using KPIs for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The development, performance and position of the group is discussed in the group's annual report which does not form part of this report.

This report was approved by the board on 26 March 2021 and signed by its order.


Martin Shepherd (Mar 26, 2021 13:10 GMT)

M O Shepherd
Director

CATHEDRAL (BROMLEY) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The Directors present their report and audited financial statements for the year ended 31 March 2020, comparatives are for the thirteen months from 1 March 2018 to 31 March 2019.

Results and dividends

The loss for the year, after taxation, amounted to £11,220,250 (*13 month period ended 31 March 2019 - loss £ 2,224,696*).

The Directors are unable to recommend the payment of a dividend (13 month period ended 31 March 2019: £NIL).

Details of the business review and future developments of the company are discussed in the Strategic report on page 1.

Directors

The Directors who served during the year and up to the date of signing these financial statements were as follows:

R Upton
M S Weiner
M O Shepherd
S Whittle (appointed 25 March 2020, resigned 26 June 2020)

Qualifying third party indemnity provisions

The company maintains Directors' and officers' liability insurance, which is reviewed annually and is considered to be adequately insured. Such qualifying third party indemnity provisions were in place during the year and remain in place at the date of approving the Directors' report.

CATHEDRAL (BROMLEY) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Going concern

At 31 March 2020, the Company is in a net liability position as a result of external loans of £15,989,854 (Note 12) and intergroup loans due to U and I Group PLC.

The external loans are comprised of a loan from Britel Fund Trustee Limited ('Hermes') of £13,579,710, with a maturity date of 31 January 2019, and a loan from the Homes and Communities Agency ('HCA') of £2,410,144, with a maturity date of 31 December 2019. The HCA loan was fully repaid on 8 September 2020 however at the date of signing the financial statements the loan from Hermes has an outstanding balance and is in a default position.

The Directors have satisfied themselves that the net disposal value of the remaining residential units in Cathedral (Bromley 2) Limited (the Company's subsidiary) will be sufficient to repay the outstanding Hermes loan in full.

Furthermore, the Company is dependent on U and I Group PLC's intergroup loans for financial support and the Directors have received confirmation that for the foreseeable future, U and I Group PLC intends to support the company such that it can meet its liabilities as they fall due in relation to the outstanding intergroup loans. The Directors have therefore prepared the financial statements on a going concern basis.

In the U and I Group PLC condensed consolidated interim financial statements for the six month period ended 30 September 2020 that were issued on 18 January 2021 there were indicators of material uncertainty which may cast significant doubt on U and I Group PLC's ability to continue as a going concern. This in turn leads to uncertainty about U and I Group PLC's ability to support the Company.

The fact that the Hermes loan is in default, and the uncertainty around U and I Group Plc's ability to support the Company, indicate a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 March 2021 and signed by its order.


Marcus Shepherd (Mar 26, 2021 13:10 GMT)

M O Shepherd
Director

CATHEDRAL (BROMLEY) LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

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 audited 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 audited financial statements unless they are satisfied that they 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 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 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.

Independent auditors' report to the members of Cathedral (Bromley) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cathedral (Bromley) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 2.2 to the financial statements concerning the company's ability to continue as a going concern. At 31 March 2020, the company is in a net liability position as a result of external loans of £15,989,854 (Note 12) and intergroup loans due to U and I Group PLC. At the date of signing the financial statements a loan from Britel Fund Trustee Limited ('Hermes') has an outstanding balance and is in a default position. In the U and I Group PLC condensed consolidated interim financial statements for the six month period ended 30 September 2020 that were issued on 18 January 2021 there were indicators of material uncertainty which may cast significant doubt on U and I Group PLC's ability to continue as a going concern. This in turn leads to uncertainty about U and I Group PLC's ability to support the company. The fact that the Hermes loan is in default, and the uncertainty around U and I Group PLC's ability to support the company, indicate a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

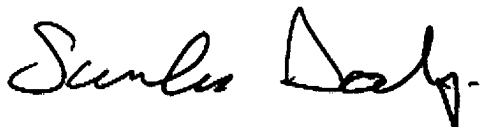
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 March 2021

CATHEDRAL (BROMLEY) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

		Year ended 31 March 2020 £	13 month period ended 31 March 2019 £
	Note		
Turnover	4	1,160,029	-
Cost of sales		(165,203)	(193,629)
Gross profit/(loss)		994,826	(193,629)
Administrative expenses		(365,282)	(531,067)
Impairment of stock	10	(10,188,472)	-
Impairment of intercompany balances	11	814,345	(1,500,000)
Operating loss	5	(8,744,583)	(2,224,696)
Interest receivable and similar income		-	-
Interest payable and similar expenses	6	(2,475,667)	-
Loss before tax		(11,220,250)	(2,224,696)
Tax on loss	8	-	-
Loss for the financial year/period		(11,220,250)	(2,224,696)

There were no recognised gains and losses for the year ended 31 March 2020 or for the 13 month period ended 31 March 2019 other than those included in the Statement of comprehensive income.

There was no other comprehensive income for the year ended 31 March 2020 (13 month period ended 31 March 2019: £NIL).

All amounts relate to continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

CATHEDRAL (BROMLEY) LIMITED
REGISTERED NUMBER: 06380620

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	9	100	100
		<u>100</u>	<u>100</u>
Current assets			
Stocks	10	8,485,000	14,589,787
Debtors	11	16,067,955	46,742,519
Cash at bank and in hand		872,560	288,982
		<u>25,425,515</u>	<u>61,621,288</u>
Creditors: amounts falling due within one year	12	(45,863,244)	(70,838,767)
Net current liabilities		<u>(20,437,729)</u>	<u>(9,217,479)</u>
Total assets less current liabilities		<u>(20,437,629)</u>	<u>(9,217,379)</u>
Net liabilities		<u>(20,437,629)</u>	<u>(9,217,379)</u>
Capital and reserves			
Called up share capital	13	1	1
Retained earnings		(20,437,630)	(9,217,380)
Total debt		<u>(20,437,629)</u>	<u>(9,217,379)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2021.


 Marcus Shepherd (Mar 26, 2021 13:10 GMT)

M O Shepherd
 Director

The notes on pages 11 to 20 form part of these financial statements.

CATHEDRAL (BROMLEY) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Retained earnings	Total debt
	£	£	£
At 1 March 2018	1	(6,992,684)	(6,992,683)
Comprehensive expense for the period			
Loss for the period	-	(2,224,696)	(2,224,696)
Total comprehensive expense for the period	-	(2,224,696)	(2,224,696)
At 1 April 2019	1	(9,217,380)	(9,217,379)
Comprehensive expense for the year			
Loss for the year	-	(11,220,250)	(11,220,250)
Total comprehensive expense for the year	-	(11,220,250)	(11,220,250)
At 31 March 2020	1	(20,437,630)	(20,437,629)

The notes on pages 11 to 20 form part of these financial statements.

CATHEDRAL (BROMLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Cathedral (Bromley) Limited is a property development company. The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 7A Howick Place, London SW1P 1DZ

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 (FRS102) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

At 31 March 2020, the Company is in a net liability position as a result of external loans of £15,989,854 (Note 12) and intergroup loans due to U and I Group PLC.

The external loans are comprised of a loan from Britel Fund Trustee Limited ('Hermes') of £13,579,710, with a maturity date of 31 January 2019, and a loan from the Homes and Communities Agency ('HCA') of £2,410,144, with a maturity date of 31 December 2019. The HCA loan was fully repaid on 8 September 2020 however at the date of signing the financial statements the loan from Hermes has an outstanding balance and is in a default position.

The Directors have satisfied themselves that the net disposal value of the remaining residential units in Cathedral (Bromley 2) Limited (the Company's subsidiary) will be sufficient to repay the outstanding Hermes loans in full. Furthermore, the Company is dependent on U and I Group PLC's intergroup loans for financial support and the Directors have received confirmation that for the foreseeable future, U and I Group PLC intends to support the company such that it can meet its liabilities as they fall due in relation to the outstanding intergroup loans. The Directors have therefore prepared the financial statements on a going concern basis.

In the U and I Group PLC condensed consolidated interim financial statements for the six month period ended 30 September 2020 that were issued on 18 January 2021 there were indicators of material uncertainty which may cast significant doubt on U and I Group PLC's ability to continue as a going concern. This in turn leads to uncertainty about U and I Group PLC's ability to support the Company.

The fact that the Hermes loan is in default, and the uncertainty around U and I Group Plc's ability to support the Company, indicate a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

2.3 Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, U and I Group PLC, includes the company's cash flows in its own consolidated financial

CATHEDRAL (BROMLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

statements.

The financial statements contain information about Cathedral (Bromley) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, U and I Group PLC, a company registered in England and Wales, which are publicly available.

This company discloses transactions with related parties which are not wholly owned within the U and I Group PLC group. It does not disclose transactions with members of the U and I Group PLC group that are wholly owned.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents amounts receivable from sale of stock, properties and related income. Turnover is recorded net of discounts and value added taxes where applicable. Sales of stock properties are recorded once an irrecoverable sale contract has been entered into, provided that the sale has been legally completed by the date on which the relevant financial statements are approved by the directors.

2.5 Cost of sales

Cost of sales is determined by applying the disposal value of the residential units as a proportion of the target disposal value of the entire scheme to the total estimated final development cost and is recognised in the statement of comprehensive income upon sale.

2.6 Borrowing costs

Borrowing costs relating to direct expenditure on stock under development are capitalised. The interest capitalised is calculated using the rate of interest on the loan to fund the expenditure, over the period from commencement of the development work until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Capitalised interest is written off to direct costs on disposal of stock.

2.7 Stocks

Work in progress, comprising developments, are carried as stocks and stated at the lower of cost and fair value less costs to sell. Cost also includes directly attributable expenditure and interest. The company has capitalised interest on development properties as part of work in progress. The company has also capitalised certain internal staff costs directly attributable to the development schemes. Staff costs capitalised are estimated with reference to the time spent on the project during the period. Where Directors consider that the costs are not recoverable from the proposed scheme, the project or site is written down to its net realisable value, with the write-down taken to the Statement of comprehensive income. Fair value less costs to sell is calculated as the estimated value of the project or site, based upon our current plans, less all further costs to be incurred in making the sale.

CATHEDRAL (BROMLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment with any changes to be recognised in the Statement of comprehensive income. Management undertake an annual review of the carrying value of its investments to establish if there is any impairment to its value based on the performance of the underlying asset and external evidence.

2.9 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

CATHEDRAL (BROMLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to and from group undertakings.

Financial assets

Cash at bank and in hand – Cash comprises cash in hand and on-demand deposits less overdrafts. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

Debtors – Debtors are recognised at the original transaction value and subsequently measured at amortised cost. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned.

Financial liabilities

Trade creditors – Trade creditors are recognised at the original transaction value and subsequently measured at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

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

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the company's accounting policies. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Debtors

The company is required to judge when there is sufficient objective evidence to require the impairment of individual debtors. It does this on the basis of the age of the relevant debtors, external evidence of the credit status of the debtor entity and the nature of any disputed amounts

In regards to intercompany receivables, the net asset/liabilities position of the debtor is considered and its ability to repay the debt is assessed.

CATHEDRAL (BROMLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

3. Judgments in applying accounting policies (continued)

Stocks

The company is required to estimate when there is sufficient objective evidence to require the impairment of stocks carrying value. Work in progress, comprising development properties which the company acquired, are carried as stocks and stated at the lower of cost and fair value less costs to sell. Cost also includes directly attributable expenditure and interest. The company has capitalised interest on development properties as part of work in progress. The company has capitalised certain internal staff costs directly attributable to the development schemes. Staff costs capitalised are estimated with reference to the time spent on the project during the period. Where Directors consider that the costs are not recoverable from the proposed scheme, the project or site is written down to its net realisable value, with the write-down taken to the Statement of comprehensive income. Fair value less costs to sell is calculated as the estimated value of the project or site, based upon our current plans, less all further costs to be incurred in making the sale.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment with any changes to be recognised in the Statement of comprehensive income. Management undertake an annual review of the carrying value of its investments to establish if there is any impairment to its value based on the performance of the underlying asset and external evidence.

4. Turnover

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

	Year ended 31 March 2020 £	13 month period ended 31 March 2019 £
Rental income	1,160,029	-
	1,160,029	-

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

The auditors remuneration for the statutory audit of the company of £3,675 (13 month period ended 31 March 2019: £3,500) has been borne by U and I Group PLC, the ultimate parent company.

CATHEDRAL (BROMLEY) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. Interest

	Year ended 31 March 2020 £	<i>13 month period ended 31 March 2019 £</i>
Loan interest	2,475,667	2,087,521
Loan interest capitalised	-	(2,087,521)
	<u>2,475,667</u>	<u>-</u>

7. Employees

The Company has no employees other than the Directors (13 month period ended 31 March 2019: none). Directors remuneration, including pension costs, is not borne directly by the Company but by U and I Group PLC. The entity has been recharged its share of overhead expenses, totalling £492,261 (13 month period ended 31 March 2019: £530,276). This includes Directors' costs.

8. Taxation

	31 March 2020 £	<i>13 month period ended 31 March 2019 £</i>
Current tax on loss for the year/period	-	-
Total current tax	<u>-</u>	<u>-</u>

CATHEDRAL (BROMLEY) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year/period is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%). The differences are explained below:

	Year ended 31 March 2020 £	13 month period ended 31 March 2019 £
Loss before tax	(11,220,250)	(2,224,696)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19.0% (year ended 31 March 2019: 19.0%)	(2,131,848)	(422,692)
Effects of:		
Non-tax deductible impairment of intercompany loan	(154,726)	285,000
Losses not provided for	998,829	-
Group relief surrendered for nil consideration	1,287,745	137,692
Total tax charge for the year/period	-	-

The following balances relate to the total deferred tax asset not recognised on losses carried forward:

	2020 £	2019 £
At 1 April/March	(48,897)	(48,897)
Current period/year credit	(893,688)	-
As at 31 March	(942,585)	(48,897)

8. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% was substantively enacted at the balance sheet date, its effects are included in these financial statements.

CATHEDRAL (BROMLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2019	100
At 31 March 2020	100
Net book value	
At 31 March 2020	100
At 31 March 2019	100

Investments in subsidiaries are measured at cost less accumulated impairment with any changes to be recognised in the Statement of comprehensive income. Management undertake an annual review of the carrying value of its investments to establish if there is any impairment to its value based on the performance of the underlying asset and external evidence.

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end of 20% or more is shown below. The registered address of all subsidiaries is the same as that of the company:

Name	Class of shares	Holding	Registered address
Cathedral (Bromley 2) Limited	Ordinary	100 %	7A Howick Place, London, SW1P 1DZ

CATHEDRAL (BROMLEY) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Stocks

	2020 £	2019 £
At 1 April/March	14,589,787	66,641,832
Additions during the period/year	3,997,763	10,824,763
Impairment loss	(10,188,472)	-
Staff costs capitalised (see note below)	85,922	218,031
Interest capitalised	-	2,087,521
Stock transfer	-	(65,182,360)
As at 31 March	8,485,000	14,589,787

From 1 March 2018, the company has capitalised certain internal staff costs directly attributable to the development schemes. Staff costs capitalised are estimated with reference to the time spent on the project during the period.

During the year ended 31 March 2020, management impaired the carrying value of the commercial stock by £10,188,472. This impairment has been driven by revised recoverability assumptions made throughout the period.

11. Debtors

	2020 £	2019 £
Trade debtors	317,045	-
Amounts owed by group undertakings	13,748,487	45,955,743
Other debtors	1,729,791	761,920
VAT recoverable	272,632	24,856
	16,067,955	46,742,519

The amounts owed by group undertakings are interest free, unsecured and repayable on demand.

During the year ended 31 March 2020, a provision release of £814,345 (13 month period ended 31 March 2019: provision £1,500,000) relating to amount owed by Cathedral (Bromley 2) Limited, a wholly owned subsidiary, was made.

CATHEDRAL (BROMLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12. Creditors: Amounts falling due within one year

	2020 £	2019 £
External loans	15,989,854	37,067,258
Trade creditors	15,306	44,391
Amounts owed to group undertakings	23,639,591	29,808,661
Other creditors	4,046,767	2,665,845
Accruals	1,947,305	1,252,612
Deferred income	224,421	-
	<u>45,863,244</u>	<u>70,838,767</u>

The amounts owed to group undertakings are interest free, unsecured and repayable on demand.

The external loans are comprised of loans on the residential element of the development from Homes and Communities Agency ('HCA') of £9,500,000 at an interest rate of the EC Reference rate plus 0.75% and loan from Britel Fund Trustee Limited ('Hermes') of £25,400,000 which bears an interest rate of 3.5% with interest being capitalised. At the date of signing, HCA loan was repaid on 8 September 2020 and the loans from Hermes has expired and is in a default position. It should be noted that the outstanding Hermes loan notes are secured against the residential units that were transferred to Cathedral (Bromley 2) Limited.

13. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (31 March 2019:1) Ordinary share of £1.00 each	<u>1</u>	<u>1</u>

14. Controlling party

The immediate parent company is Public Private Partnership (H) Limited. The ultimate parent and controlling company of the largest and smallest group of which Cathedral (Bromley) Limited is a member and for which consolidated financial statements are prepared is U and I Group PLC.

Both companies are registered in England and Wales and incorporated in Great Britain.

Copies of the annual report and financial statements of U and I Group PLC and Public Private Partnership (H) Limited can be obtained from 7a Howick Place, London SW1P 1DZ.