

QATARI DIAR UK LIMITED

Annual Directors' Report and Financial Statements

Registered number 06569590

For the year ended 31 December 2020



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Directors' report

The directors of Qatari Diar UK Limited (the 'Company') present their directors' report and financial statements for the year ended 31 December 2020. The report and financial statements are prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Principal activities and review of the business

The Company's principal activity is to provide supervisory and administrative services to the Qatari Diar Real Estate Investment Company (QDREIC)'s investments in joint ventures. This activity is expected to continue in the future.

The Statement of Comprehensive Income is set out on page 7 and shows the result for the year. The Company made a profit of £6,455,179 for the year ended 31 December 2020 (31 December 2019: £687,051).

The directors are satisfied with the financial performance and the position of the Company for the year ended 31 December 2020 for the reasons detailed under the 'Going Concern' assessment within the Directors' Report.

Dividends

There were no interim dividends paid in the current year or prior year. The directors do not recommend proposing the payment of a dividend for the year ended 31 December 2020 (2019: Nil).

Directors

The following directors have held office during the financial year and to the date of this report:

Tariq Al Abdulla
Andrew Walsh
Abdulla Hamad Al Attiyah
Jean Lamothe (resigned 31 July 2020)
Richard Edward Oakes (appointed 31 July 2020)

Political contribution

The Company incurred no political expenditure (2019: £nil) during the year.

Post Balance Sheet Events

At the date of this report, the Company is not aware of any events arising post year end that would affect the balances and transactions as detailed in the financial statements for the year ended 31 December 2020.

The directors are of the view that there is no material impact on the Company due to COVID-19. There has been no change to the operational contracts in place as a result of COVID-19 and the business plan is to continue to service the remaining contracts in place with the financial and operational support of its parent company QDREIC and other entities under common control. QDREIC has provided a letter of support for a period of one year from the signing of the 2020 financial statements.

Going concern

Due to a corporate restructure in 2017 a significant number of contracts were novated to another corporate entity under common control. As a result, the company has seen a significant reduction in revenue and performance.

Despite the above, the current business plan is to continue to service the remaining contracts this company has undertaken with the financial and operational support of its parent company QDREIC and other entities under common control. QDREIC has provided a letter of support for a period of one year from the signing of the 2020 financial statements.

Directors' report (Continued)

Going concern (Continued)

Given this support, the Directors believe it is appropriate for the Company to prepare its accounts on a going concern basis. In addition, as the nature of the entity is to provide supervisory and administrative services to QDREIC's investments in joint ventures, the directors are of the view that there is no material impact on the Company as a result of COVID-19.

Financial Risk Management

The financial risk management objectives and policies of the Company, as well as the exposure of the Company to the price risk, credit risk, liquidity risk and cash flow risk are as disclosed in Note 16 of the financial statements.

Strategic Report

The company has taken advantage of the exemption under s414B of the Companies Act 2006 not to prepare a Strategic Report.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware of; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. Ernst & Young LLP have indicated their willingness to continue in office as auditor.

By order of the Board



Tariq Al Abdulla
Director
25th January 2022

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 judgments and 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;
- provide additional disclosures when compliance with the specific requirements in International Accounting standards in conformity with the requirements of the Companies Act 2006 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- 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.

Independent auditor's report to the members of Qatari Diar UK Limited

Opinion

We have audited the financial statements of Qatari Diar UK Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Financial Position, the Statement of Cash Flows, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Qatari Diar UK Limited (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditor's report to the members of Qatari Diar UK Limited (Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (Continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant is International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK tax legislation.
- We understood how the Company is complying with these frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in such areas.
- In addition to the above, based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: inquiries of management (and where applicable those charged with governance); obtaining the written confirmations of compliance with the Company's policies through the six monthly compliance checklists required to be completed by relevant Members and key individuals in the business; review of Board minutes; and obtaining written representations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We performed the following procedures to support our understanding: meeting with management to understand where they considered there was susceptibility to fraud; determining which account balances are subjective in nature; understanding the company's key performance indicators and considering the processes and controls which the Company has established to prevent and detect fraud, and how those controls are monitored.
- Where the risk was considered higher, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. We tested journals identified by specific risk criteria back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Claire Johnson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 25 January 2022

Statement of Comprehensive Income
For the year ended 31 December 2020

	Note	2020	2019
		£	£
Revenue	2	252,099	1,402,392
Cost of sales	3	<u>(1,010,714)</u>	<u>(842,585)</u>
Gross (loss)/profit		(758,615)	559,807
Other income	2	7,110,297	-
Finance income		132,655	176,871
Finance expense		<u>(29,158)</u>	<u>(49,627)</u>
Profit before tax		6,455,179	687,051
Tax on profit	6	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>6,455,179</u>	<u>687,051</u>

The results of the Company are derived entirely from continuing operations.

There was no income and expense for the current financial year other than that reported in the Statement of Comprehensive Income.

Statement of Financial Position

As at 31 December 2020

	Note	2020 £	2019 (as restated – see note 18) £
Non-current assets			
Property, plant and equipment	7	19,913	120,043
Net Investment Asset	8	-	762,534
Right of use asset	8	-	538,019
		<u>19,913</u>	<u>1,420,596</u>
Current assets			
Net Investment Asset	8	462,061	-
Trade and other receivables	9	2,730,687	6,943,950
Amount due from related companies	14	75,249	89,490
Amount due from parent company	14	791,872	791,872
Cash and cash equivalents	10	<u>3,617,883</u>	<u>799,067</u>
		<u>7,677,752</u>	<u>8,624,379</u>
Total assets		<u>7,697,665</u>	<u>10,044,975</u>
Non-current liabilities			
Lease liability	8	-	(1,613,799)
		-	<u>(1,613,799)</u>
Current liabilities			
Lease liability	8	(817,057)	-
Trade and other payables	11	(837,428)	(1,761,934)
Amount due to related companies	14	<u>(2,402,598)</u>	<u>(9,483,839)</u>
		<u>(4,057,083)</u>	<u>(11,245,773)</u>
Total liabilities		<u>(4,057,083)</u>	<u>(12,859,572)</u>
Net assets/(liabilities)		<u>3,640,582</u>	<u>(2,814,597)</u>
Equity			
Share capital	12	1	1
Retained earnings/(loss)		<u>3,640,581</u>	<u>(2,814,598)</u>
Total equity		<u>3,640,582</u>	<u>(2,814,597)</u>

These financial statements were approved by the board of directors on 25th January 2022 and were signed on its behalf by:



Tariq Al Abdulla
Director

Company registration number 06569590

Statement of Changes in Equity
For the year ended 31 December 2020

	Share capital £	Retained Earnings/ (loss) £	Total equity £
At 1 January 2019	1	(3,618,501)	(3,618,500)
Prior Year adjustment (note 18)	-	134,720	134,720
IFRS 16 adjustment	-	(17,868)	(17,868)
Total comprehensive income for the year	-	687,051	687,051
Balance at 31 December 2019 (as restated- see note 18)	1	(2,814,598)	(2,814,597)
Total comprehensive income for the year	-	6,455,179	6,455,179
Balance at 31 December 2020	1	3,640,581	3,640,582

Statement of Cash Flow
For the year ended 31 December 2020

	Note	2020	2019
		£	£
Cash flows from operating activities			
Profit before tax		6,455,179	687,051
Adjustments for:			
Depreciation property, plant & equipment and right-of-use assets	7,8	369,140	369,633
Finance income		(132,655)	(176,871)
Intercompany balance written back	2	(7,081,241)	-
Interest payment		29,158	49,627
		(360,419)	929,440
Decrease/(increase) in trade and other receivables		4,216,082	(1,112,725)
(Decrease)/increase in trade and other payables		(924,506)	566,725
Cash flow generated from/(used in) operations		3,291,576	(546,000)
Net cash flow generated from operating activities		2,931,157	383,440
Cash flows from investing activities			
Interest received		1,253	504
Net cash flow generated from investing activities		1,253	504
Cash flows from financing activities			
Intercompany funding received/(paid)		14,241	(647,681)
Payment of principal portion of lease liabilities	8	(825,900)	(825,900)
Payment of interest portion of lease liabilities		(29,158)	(49,627)
Receipt of principal portion of net investment asset	8	404,160	538,880
Receipt of interest portion of net investment asset		103,688	90,197
Operating lease receipts		219,375	302,748
Net cash (used in) financing activities		(113,594)	(591,383)
Net increase/(decrease) in cash and cash equivalents		2,818,816	(207,439)
Cash and cash equivalents at beginning of the year		799,067	1,006,506
Cash and cash equivalents at the end of the year		3,617,883	799,067

Notes to the financial statements

General Information

Qatari Diar UK Limited (the "Company") is a private company limited by shares which is incorporated and domiciled in the UK. The address of the registered office is 16 Grosvenor Street, London, W1K 4QF.

1 Accounting Policies

Basis of Preparation

The financial statements have been prepared and approved by the board in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements are presented in Sterling because that is the currency of the primary economic environment in which the company operates and is prepared on the historical cost basis. No rounding has been applied. The accounting policies set out below have, unless otherwise stated, been applied consistently as presented in these financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations which have not yet been applied in the financial statements, were in issue but not yet effective.

New and amended standards and interpretations

Effective standards for the year ended 31 December 2020

New standards and amendments	Effective date:
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	1 January 2020
Conceptual Framework for Financial Reporting	1 January 2020

The Company believes that none of the new standards that have come into effect above have an impact on the financial statements of the Company.

Standards issued but not yet effective

New standards and amendments	Effective date:
IFRS 17 Insurance Contracts	1 January 2021
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Reference to Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022

The Company believes that none of the standards issued but not yet effective will have an impact on the financial statements of the Company.

Going concern

Due to a corporate restructure in 2017 a significant number of contracts were novated to another corporate entity under common control. As a result, the company has seen a significant reduction in revenue and performance.

Notes to the financial statements (Continued)

1 Accounting Policies (continued)

Going concern (continued)

Despite the above, the current business plan is to continue to service the remaining contracts this company has undertaken with the financial and operational support of its parent company QDREIC and other entities under common control. QDREIC has provided a letter of support for a period of one year from the signing of the 2019 financial statements.

Given this support, the Directors believe it is appropriate for the Company to prepare its accounts on a going concern basis. In addition, as the nature of the entity is to provide supervisory and administrative services to QDREIC's investments in joint ventures, the directors are of the view that there is no material impact on the Company as a result of COVID-19.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables as well as amounts due/from related parties.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Given the nature of trade and other receivables, and their short length of time between the origination and settlement, their amortised cost is the same as the fair value on date of origination.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Given the nature of trade and other payables, and their short length of time between the origination and settlement, their amortised cost is the same as the fair value on date of origination.

Amounts due/from related parties

Amounts due/from related parties are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Right of use assets acquired by way of a finance lease are stated at cost, less accumulated depreciation and impairment losses as described below.

Notes to the financial statements (Continued)

1 Accounting Policies (Continued)

Property, plant and equipment (Continued)

Depreciation is charged to the profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- plant and equipment - 3 years
- fixtures and fittings - 5 years
- IT equipment - 3 years (grouped within plant and equipment).

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Operating lease payments

Prior to 1 January 2019 when IFRS 16 came into effect, payments made under operating leases are recognised in the profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss as an integral part of the total lease expense.

Company as a lessee

The Company applies a single recognition and measurement approach of leases, except short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes amounts of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful economic lives of the assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are fixed payments less any lease incentive receivable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in lease payments (e.g., changes to future payments resulting from a change in an index or a rate used to determine such lease payments) or a change in the assessment of an option to purchase an underlying asset.

Company as a lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Company's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes to the financial statements (Continued)

1 Accounting Policies (Continued)

Impairments

The carrying amounts of the company's financial assets are reviewed at each balance sheet date for expected credit losses; a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the credit risk.

If at the balance sheet date, there is a significant change to the credit risk of a financial asset the lifetime expected credit loss will be recognised. If the credit risk of a financial asset has not increased significantly at the balance sheet date, then the company will only recognise impairments equal to 12 months expected credit losses.

Revenue and cost of sales

A transfer pricing margin is applied to the operating cost charged to profit and loss in respect of the service the company provides to entities under common control.

The company's business activity is that described in the Directors' Report.

Cost of sales arise from the services that the company provides. Revenue from contracts is recognised, in accordance with IFRS 15 Revenue from Contracts with Customers, when the company deems the performance obligations of the contract have been met. The amount of revenue recorded reflects the consideration that the company expects to be entitled to in exchange for those services.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss. Financing income comprise interest receivable on funds invested, dividend income, unwinding of the discount on services with a significant financing component and net foreign exchange gains.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Critical Accounting Judgement

The preparation of the financial statements in conformity with international accounting standards and the requirements of the Companies Act 2006 that 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. Estimates and judgements are continually evaluated and are based on historical experience and impairment, transfer pricing, recoverability of intercompany and including expectations of future events that are believed to be reasonable under the circumstances. The key estimates and judgements are:

Notes to the financial statements (Continued)

1 Accounting Policies (Continued)

Critical Accounting Judgement (Continued)

Key Estimates

- Useful economic lives of property, plant and equipment;
- Certain Accruals.

Key Judgements

- Recoverability of receivables;
- Indications of impairment on Financial Assets. Further disclosure relating to impairment of right-of-use assets is detailed in Note 8.

2 Revenue	2020 £	2019 £
Rendering of services: To third parties	252,099	1,402,392
Other income: Other income	7,110,297	-

Other income includes a write off of £7,081,241 (2019: £0) relating to an intercompany loan due to Qatari Diar Development Company (UK) Limited. This write off was performed in line with a loan waiver agreement which was signed in December 2020 by Qatari Diar UK Limited and Qatari Diar Development Company (UK) Limited.

3 Cost of sales

Cost of sales arise from the services that the company provides.

4 Operating (loss)/profit

Included in the operating (loss)/profit are the following amounts	2020 £	2019 £
Audit of financial statements	8,400	4,000
Staff costs	-	(120,418)
Depreciation of fixed assets	100,130	100,390
Depreciation on right of use assets	269,009	269,009
Impairment of right-of-use assets	269,009	-
Interest income on net investment asset	(103,688)	(90,197)

5 Staff numbers and costs

As at the year ended 31 December 2020, the average number of employees excluding directors was Nil (2019: NIL). All employees were transferred to Qatari Diar Europe LLP under the TUPE process on 1 September 2017.

The directors received no remuneration or fees for their service to the Company in 2020 (2019: £nil).

The salary credit recorded in the year 31 December 2020 of £NIL (2019 expense: £120,418) relates to a historical PAYE settlement refund concerning secondees.

Notes to the financial statements (Continued)

5 Staff numbers and costs (Continued)

The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	-	(120,418)
	-	(120,418)

6 Taxation

Recognised in profit and loss	2020 £	2019 £
<i>Current tax expense</i>		
Current year charge	-	-
	-	-
Current tax (credit) / charge	-	-
<i>Deferred tax expense</i>		
Current year charge	-	-
	-	-
Deferred tax charge	-	-
	-	-
Total tax (credit) / charge	-	-

Reconciliation of total tax charge/(credit)	2020 £	2019 £
Profit/(Loss) for the year before tax	6,455,179	687,051
Tax at the UK standard corporation tax rate of 19% (2019 19%)	(1,226,484)	(130,540)
Non taxable income	1,345,436	-
Expenses not taxable/expenses not deductible	(102,793)	(7,768)
(Losses carried forward)/Losses used to offset against taxable income	(6,896)	138,308
Deferred tax asset not recognised	(9,263)	-
Total tax (credit)/charge	-	-

The Company has tax losses brought forward of £3,198,549 (2019: £3,926,487) that are available indefinitely for offsetting against future taxable profits. In the current period additional tax losses of £36,293 (2019: £nil) will be recognised and carried forward, the total tax charge for the period is £nil. In 2019 tax losses of £727,938 were utilised against taxable profit to reduce the total tax charge to £nil. After additional losses were recognised in 2020 the carried forward loss available to offset against future profits is £3,234,842 (2019: £3,198,549).

Notes to the financial statements (Continued)

7 Property, plant and equipment and intangible assets

	Intangible asset (Lease Premium) £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
Balance at 1 January 2020	1,001,054	590,844	1,310,290	2,902,188
Balance at 31 December 2020	1,001,054	590,844	1,310,290	2,902,188
Depreciation				
Balance at 1 January 2020	(1,001,054)	(590,844)	(1,190,247)	(2,782,145)
Depreciation charge for the year	-	-	(100,130)	(100,130)
Balance at 31 December 2020	(1,001,054)	(590,844)	(1,290,377)	2,882,275
Net book value				
At 31 December 2020	-	-	19,913	19,913
At 31 December 2019	-	-	120,043	120,043

8 Obligations under leasing agreements

The lease premium relates to the acquisition of a short-term leasehold interest which ends on 23 February 2022 at 77 Grosvenor Street, London. This premium was fully amortized as at 31 December 2017. There are no terms of renewal, purchase options, escalation clauses or restrictions imposed in the lease.

Company as lessor

The company entered into leases on its investment property. IFRS 16 was implemented with effect from 1 January 2019. At 31 December 2020 the Ground Floor tenant was deemed to be a sub-lease in line with IFRS 16. The Lower Ground Floor's sub-lease was terminated on 16 January 2020.

Set out below is the carrying amount of the net investment asset recognised and the movements during the year:

	Property leases £	Total £
Cost		
Balance at 1 January 2019	1,211,217	1,211,217
Receipts from sub-tenant	(538,880)	(538,880)
Finance income	90,197	90,197
Balance at 31 December 2019	762,534	762,534
Balance at 1 January 2020	762,534	762,534
Receipts from sub-tenant	(404,160)	(404,160)
Finance income	103,687	103,687
Balance at 31 December 2020	462,061	462,061

Notes to the financial statements (Continued)

8 Obligations under leasing agreements (Continued)

Company as lessee

Right-of-use assets are subject to the impairment requirements of IAS 36 *Impairment of Assets*. An impairment review is undertaken annually at the reporting date if any indications of impairment are present. An impairment exists if the carrying amount of the asset exceeds the amount of consideration the entity expects to receive in exchange for providing the associated services.

IAS 36 *Impairment of Assets* requires external and internal factors to be considered when assessing if there is an impairment. Due to the following factors, it was determined that the right-of-use asset, should be fully impaired at the balance sheet date:

- The Lower Ground Floor was being sub-leased, and the sub-lease was terminated in January 2020. The leased asset was not being used by Qatari Diar UK Limited in its daily operations. When the sub-lease was terminated Qatari Diar UK Limited was unable to find a new tenant, making the asset obsolete. This issue was enhanced as the remaining lease length was short, in turn reducing marketability.
- Qatari Diar UK Limited was unable to agree termination of the lease with the head landlord or assign the lease to another party, resulting in fair value less cost of disposal being deemed to be £nil.

Set out below is the carrying amount of the right-of-use asset recognised and the movements during the year:

	Property leases £	Total £
Cost		
Balance at 1 January 2019	807,028	807,028
Depreciation expense of right-of-use asset	(269,009)	(269,009)
Balance at 31 December 2019	538,019	538,019
Balance at 1 January 2020	538,019	538,019
Impairment of right-of-use asset	(269,010)	(269,010)
Depreciation expense of right-of-use asset	(269,009)	(269,009)
Balance at 31 December 2020	-	-

Set out below is the carrying amount of lease liabilities and movements during the year:

	Property leases £	Total £
Cost		
Balance at 1 January 2019	2,390,072	2,390,072
Interest expense on lease liabilities	49,627	49,627
Payments	(825,900)	(825,900)
Balance at 31 December 2019	1,613,799	1,613,799
Balance at 1 January 2020	1,613,799	1,613,799

Notes to the financial statements (Continued)

8 Obligations under leasing agreements (Continued)

Interest expense on lease liabilities	29,158	29,158
Payments	(825,900)	(825,900)
Balance at 31 December 2020	<u>817,057</u>	<u>817,057</u>

Set out below is the maturity analysis for lease liabilities:

	2020	2019
	£	£
Obligations over leasing agreements – due within 1 year	817,057	796,742
Obligations over leasing agreements – due between 1-5 years	-	817,057
Obligations over leasing agreements – due after 5 years	-	-
	<u>817,057</u>	<u>1,613,799</u>

The following are the amounts recognised in the profit for the year:

	2020	2019
	£	£
Depreciation expense of right-of-use asset	269,009	269,009
Interest expense on lease liabilities	29,158	49,627
Total amounts recognised in profit for the year	<u>298,167</u>	<u>318,636</u>

During the year, the Company had total cash outflows for leases of £1,498,063 (2019: £1,505,923).

	2020	2019
	£	£
Rental expense in the year:		
Ground & lower ground floors	180,076	235,152

9 Trade and other receivables

	2020	2019
	£	£
Refundable deposit	2,520,966	2,520,966
Other receivables	174,093	4,269,767
Prepayments	-	138,217
Accrued income	-	15,000
VAT repayable	35,628	-
	<u>2,730,687</u>	<u>6,943,950</u>

The carrying amounts of trade and other receivables is considered approximate to their fair value.

Notes to the financial statements (Continued)

10 Cash & cash equivalent

The restricted cash balance relates to call deposits.

	2020	2019
	£	£
Unrestricted cash	3,617,883	535,817
Restricted cash	-	263,250
	<u>3,617,883</u>	<u>799,067</u>

11 Trade and other payables

	2020	2019
	£	£
Current		
Trade payables	4,010	579,425
VAT payable	-	72,171
Accrued expenses	833,418	818,618
Deferred income (as restated- see note 18)	-	28,470
Rent deposit	-	263,250
	<u>837,428</u>	<u>1,761,934</u>

The carrying amounts of trade and other payables is considered approximate to their fair value.

12 Share capital

Allotted, called up and fully paid

	2020	2019
	£	£
1 ordinary share of £1	<u>1</u>	<u>1</u>

The Company has only one class of ordinary shares which carry no right to fixed income.

Financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Trade and other payables

The fair value of trade and other payables is estimated as the present value of the future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Notes to the financial statements (Continued)

13 Financial instruments (Continued)

Market risk – foreign currency risk

There is no risk to the company from exposure to foreign currency risk as all transactions are in sterling. The total exposure at the balance sheet date is reflected as amounts due to parent company.

There is no material difference between the carrying value and fair value of any of the company's financial instruments.

The Company's main financial instruments comprise the following assets and liabilities summarised in the table below:

	Notes	2020 £	2019 £
Financial assets carried at amortised cost			
Cash and cash equivalents	10	3,617,883	799,067
Trade and other receivables	9	2,730,687	6,943,950
Amounts due from related companies	14	75,249	89,490
Amounts due from parent companies	14	791,872	791,872
		<u>7,215,691</u>	<u>8,624,379</u>
		2020 £	2019 £
Financial liabilities carried at amortised cost			
Trade and other payables (as restated- see note 18)	11	837,428	1,761,934
Amounts due to related companies	14	2,402,598	9,483,839
		<u>3,240,026</u>	<u>11,245,773</u>

Notes to the financial statements (Continued)

14 Related party transactions

The Company has a related party relationship with its parent company, group undertakings and its directors. Particulars of transactions, arrangement and agreements involving related parties are as follows:

Related party	Amount of transaction during the year 2020 £	Balance at 31 December 2020 Receivable/ (Payable) £	Details of transaction
Parent Company			
Qatari Diar Real Estate Investment Company	-	791,872	Provision of market research advisory services
Related companies			
Qatari Diar US Real Estate Company	-	1,330	Intercompany Loan
Qatari Diar Europe (Chancery) Ltd	-	11,143	Intercompany Loan
Project Russet (Holding Company)	-	60,300	Intercompany Loan
Qatari Diar Hotel Property & Investment Montenegro	-	26	Intercompany Loan
GS 16 Sarl	-	-	Intercompany Loan
Chelsea Barracks (1-3) GP LLP	-	300	Intercompany Loan
CB Foundations	-	-	Intercompany Loan
30 GS GP LLP	-	100	Intercompany Loan
Qatari Diar UK Holdings LP	-	675	Intercompany Loan
Chelsea Barracks (4) GP LLP	-	300	Intercompany Loan
Chelsea Barracks (5) GP LLP	-	300	Intercompany Loan
Chelsea Barracks (6) GP LLP	-	300	Intercompany Loan
Chelsea Barracks Estates	-	100	Intercompany Loan
Qatari Diar Development (UK) Company	7,081,241	375	Intercompany loan write-off in the year
Qatari Diar Europe LLP	-	(2,402,598)	Intercompany Loan
Total transactions with group undertakings during the year	7,081,241		

All amounts are interest free and repayable on demand.

Notes to the financial statements (Continued)

14 Related party transactions (continued)

Related party	Amount of transaction during the year 2019 (As Restated) £	Balance at 31 December 2019 Receivable / (Payable) £	Details of transaction
Parent Company			
Qatari Diar Real Estate Investment Company	-	791,872	Provision of market research advisory services
Related companies			
Qatari Diar US Real Estate Company	580	1,330	Intercompany Loan
Tasleem (UK) Limited	575	14,240	Intercompany Loan
Qatari Diar Europe (Chancery) Ltd	-	1,134	Intercompany Loan
Project Russet (Holding Company)	-	60,300	Intercompany Loan
Qatari Diar Hotel Property & Investment Montenegro	-	27	Intercompany Loan
GS 16 Sarl	-	10,009	Intercompany Loan
Chelsea Barracks (1-3) GP LLP	300	300	Intercompany Loan
CB Foundations	(375)	375	Intercompany Loan
30 GS GP LLP	100	100	Intercompany Loan
Qatari Diar UK Holdings LP	375	675	Intercompany Loan
Chelsea Barracks (4) GP LLP	300	300	Intercompany Loan
Chelsea Barracks (5) GP LLP	300	300	Intercompany Loan
Chelsea Barracks (6) GP LLP	300	300	Intercompany Loan
Chelsea Barracks Estates	100	100	Intercompany Loan
Qatari Diar Development (UK) Company	375	(7,081,241)	Intercompany Loan
Qatari Diar Europe LLP	9,633	(2,402,598)	Intercompany Loan
Total transactions with group undertakings during the year	12,563		

All amounts are interest free and repayable on demand.

No amounts were paid to the Company's directors (2019: £NIL).

15 Ultimate parent company and parent company of larger group

The Company is a wholly owned subsidiary undertaking of Qatari Diar Real Estate Investment Company which is the ultimate parent company incorporated in Qatar.

The only group in which the results of the Company are consolidated is Qatari Diar Real Estate Investment Company incorporated in Qatar. The consolidated financial statements of QDREIC are not available to the public.

Notes to the financial statements (Continued)

16 Financial Risk Management

The following describes pertinent risks and the applied risk management. These risks are managed through a process of ongoing identification, measurement and monitoring.

The Company is responsible for implementing the risk strategy and policy, including the identification and evaluation on a continuous basis of all significant risks to the business and the design and implementation of appropriate internal controls to minimise them. This is executed through various planning/strategy meetings, continuous reviews of the business plan, and analysis of the monthly management accounts by the senior management.

Capital management

The capital structure of the Company consists of equity, which includes loans and cash and cash equivalents. The Company continues to monitor the balance of the capital structure considering the issue of debt. The Company is not subject to any externally imposed capital requirements. Qatari Diar Real Estate Investment Company, the ultimate parent, has confirmed to Company that it will continue to support the Company for a period of twelve months from the date the financial statements are signed.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its short and long term financial demands. Qatari Diar Real Estate Investment Company, the ultimate parent, has confirmed to Company that it will continue to support the Company for a period of twelve months from the date the financial statements are signed and therefore the liquidity risk is insignificant.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

31 December 2020	On Demand £	Less than 1 year £	1 to 5 years £	Total £
Amounts due to related companies	2,402,598	-	-	2,402,598
Trade and other payables	837,428	-	-	837,428
	<u>3,240,026</u>	<u>-</u>	<u>-</u>	<u>3,240,026</u>

31 December 2019	On Demand £	Less than 1 year £	1 to 5 years £	Total £
Amounts due to related companies	9,483,839	-	-	9,483,839
Trade and other payables (as restated)	1,761,934	-	-	1,761,934
	<u>11,245,773</u>	<u>-</u>	<u>-</u>	<u>11,245,773</u>

Interest rate risk

The Company is not exposed to any interest rate risk.

Notes to the Financial Statements (Continued)

16 Financial Risk Management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's credit risk exposure and mitigation management requirements are minimal due to the vast majority of receivables being with a sister company in the Qatari Diar Group. The Company's policy on cash balances is to hold these with reputable finance institutions and at the balance sheet date all the Company's cash at bank was placed with a counterparty with an A-1 Standard & Poor's credit rating.

The carrying value of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

There has been no credit loss allowance during the year as all balances are deemed recoverable. The company continuously monitors the recoverability of receivable amounts.

Foreign currency risk

When the Company undertakes transactions denominated in foreign currencies; it is consequently exposed to exchange rate fluctuations. The Company currently has no exposure to foreign currency exchange rate movements as all assets and liabilities are denominated in sterling.

Market risk

The Company focuses on the development advisory services relating to real estate projects. There is limited market risk to the Company as most of the work for the Company relates to projects which have the support of the ultimate parent company (QDREIC) who have confirmed that they will provide finance to enable the build out of the project.

Concentration of risk

Concentration risks include those that threaten the supply chain or ability to deliver the completion of a project and its subsequent effect on the management of that project by the Company. If a key customer base or supplier experiences turmoil this can negatively impact on performance.

17 Post Balance Sheet Events

At the date of this report, the Company is not aware of any events arising post year end that would affect the balances and transactions as detailed in the financial statements for the year ended 31 December 2020.

The directors are of the view that there is no material impact on the Company due to COVID-19. There has been no change to the operational contracts in place as a result of COVID-19 and the business plan is to continue to service the remaining contracts in place with the financial and operational support of its parent company QDREIC and other entities under common control. QDREIC has provided a letter of support for a period of one year from the signing of the 2020 financial statements.

18 Prior Year Restatement

During the preparation of the current year financial statements, it was noted that there were errors in the financial statements for the year ended 31 December 2019. These errors were as follows:

- a) The financial statements for year ended 31 December 2019 included deferred income of £134,720 which had also been accounted for within the Net Investment asset balance. This has now been corrected including the required adjustment to retained earnings. This error has no impact on the Statement of Cash Flow for the year ended 31 December 2019.

Notes to the Financial Statements (Continued)

18 Prior Year Restatement (continued)

b) A restatement has been made to the amount of transactions during the year ended 31 December 2019 disclosures in note 14 'Related party transactions' for the intercompany balance with Qatari Diar Europe LLP to exclude the effect of the settlement of receivables and payables from the transaction amounts.

The errors have been corrected and the prior year balances have been restated to reflect this. The impact of the restatement on the financial statements is summarised below:

Statement of Financial Position

As at 31 December 2019

	As previously stated £	Adjustments £	As restated £
Current Liabilities			
Trade and other payables	(1,896,654)	134,720	(1,761,934)
Net liabilities	(2,949,317)	134,720	(2,814,597)
Equity			
Retained loss	(2,949,318)	134,720	(2,814,598)

Note 14 Related party transactions

Amount of transaction during the year ended 31
December 2019

	As previously stated £	Adjustments £	As restated £
Total of amount of transactions with related party Qatari Diar Europe LLP.	646,649	(637,016)	9,633