

Ginkgo Tree Investment Ltd

Annual Report and Financial Statements

Registered number 07102351

31 December 2019

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Strategic report

The directors present their strategic report on the company for the year ended 31 December 2019.

Principal activities

The company is committed to deliver high quality services to its only client, its ultimate owner through conducting quality investment research and making informed investment recommendations. The goal of the company is to help its ultimate owner better navigate the market's complexities and manage its inherent risks through the advisory investment services provided.

Business Model

The current principal activities of the company are to provide investment consultation services to its ultimate owner only. These services include seeking investment opportunities on alternative investment markets in the EU, preparing preliminary risk/return assessment and presenting these investment opportunities to its ultimate owner. The company itself does not make any investment at the moment and only expects service fees from its ultimate owner as reward for its activities. The company has been receiving service fees during the year ended 31 December 2019 in accordance with the Investment Advisory Service Agreement signed between the company and its ultimate owner in December 2018.

Result and Performance

The results for the year and the financial position of the company are shown on page 8 and 9. In 2019, profit before tax is £656,540 (2018: £675,684).

Strategy

The company will continue to use its market knowledge to perform research to assess present opportunities to help its ultimate owner make investment decisions. We recommend solutions that are flexible and responsive in order to stand the test of time in an ever-changing environment.

Whilst Covid-19 could have an impact on the entity operation, the company believes it is appropriate for the financial statements to be prepared on the going concern basis, and that the company has access to sufficient liquidity in order to meet its obligations, as and when they fall due, for at least 12 months from the date of this report. The company has received the service fee due from the parent company for the first and second quarters of 2020.

Key Performance Indicators ('KPIs')

	2019	2018	
Current ratio	2.19	0.60	Current assets to current liabilities
Asset utilisation	2.75	3.56	Revenue to net assets
Return on capital employed	0.24	0.30	Profit for year before interest and tax to capital employed (total assets less current liabilities)

Principal Risks and Uncertainties

The company only provides services to its ultimate owner and receives considerable support from its ultimate owner; hence it has limited exposure to credit risks and liquidity risks. Its ultimate owner has committed support for at least the next twelve months from the date the financial statements are approved. However, the company's performance may be affected by the overall investment strategy of its ultimate owner in Europe, the UK / EU policies on overseas investments, the political relationship between Europe and its source country and the general EU economic environment.

By order of Board.



Haisong Jiao
Director

15th Floor
5 Aldermanbury Square
London EC2V 7HR

Date 23 Nov.2020

Directors' report

The directors present their directors' report with the financial statements of the company for the year ended 31 December 2019.

Proposed dividend

The directors do not recommend the payment of a dividend. (2018:£NIL)

Directors

The following directors held their position during the year:

JIAO, Haisong
HU, Jingshen
HAO, Jing
HUI, Wang (resigned 17 August 2020)
WANG, Zengqun (appointed 17 August 2020)

Director Indemnity Insurance

The company has Professional Liability, Directors and Officers Liability and fraud Insurance in place.

Employees

As at 31 December 2019, the company had a total of 26 employees, of which 20 were employed locally and 6 were the ultimate owner's secondees. Average number of employees is shown on note 3 of financial statement.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year. (2018: £NIL)

Change of auditor

Grant Thornton UK LLP was appointed as auditors during 2019. Grant Thornton UK LLP offers themselves for reappointment as auditors in accordance with Section 487 of the Companies Act 2006.

By order of the board.



Haisong Jiao
Director

15th Floor
5 Aldermanbury Square
London EC2V 7HR

Date 23 Nov. 2020

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

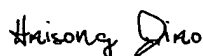
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of Board.



Haisong Jiao
Director

15th Floor
5 Aldermanbury Square
London EC2V 7HR

Date 23 Nov.2020

Independent auditor's report to the members of Gingko Tree Investment Ltd

Opinion

We have audited the financial statements of Gingko Tree Investment Ltd (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the financial statements, the company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements give a true and fair view of the financial position of the company as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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.

Responsibilities of directors for the financial statements

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.

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

Grant Thornton UK LLP

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 23/11/2020

Statement of Comprehensive Income

For the year ended 31 December 2019

		2019	2018
	Note	£	£
Revenue	2	7,088,333	7,342,396
Other Income		12,146	8,193
Administrative expenses	3,4	(6,443,939)	(6,674,905)
Profit before Tax		656,540	675,684
Income tax expense	5	(147,176)	(161,864)
Profit for the year		509,364	513,820
Total comprehensive income for the year		509,364	513,820

The Profit for the year as disclosed above is derived from continuing activities

The accompanying notes form part of the financial statements.

Statement of Financial Position


as at 31 December 2019

	Note	2019	2018
		£	£
Non-current assets			
Property, plant and equipment	7	134,571	237,011
Right-of-Use asset	13	507,358	0
Deferred Tax	6,8	39,329	0
Trade and other receivables		0	2,701,946
		<u>681,258</u>	<u>2,938,957</u>
Current assets			
Trade and other receivables	8	3,732,530	395,408
Cash and cash equivalents	9	109,092	646,753
		<u>3,841,622</u>	<u>1,042,161</u>
Total Assets		<u>4,522,880</u>	<u>3,981,118</u>
Current liabilities			
Trade and other payables	10	1,138,557	1,560,962
Lease liability	13	512,216	0
Tax payable	10	102,312	175,632
		<u>1,753,085</u>	<u>1,736,594</u>
Non-current liabilities			
Provisions	10,12	196,580	172,922
Deferred Tax		0	7,751
		<u>196,580</u>	<u>180,673</u>
Total liabilities		<u>1,949,665</u>	<u>1,917,267</u>
Net assets		<u>2,573,215</u>	<u>2,063,851</u>
Equity			
Share capital	11	6,027,750	6,027,750
Share premium	11	177,424	177,424
Retained earnings		<u>(3,631,959)</u>	<u>(4,141,323)</u>
Total equity		<u>2,573,215</u>	<u>2,063,851</u>

[Company Register No.: 07102351]

The accompanying notes form part of the financial statements.

Approved by the Board of Directors and signed on its behalf by-



Haisong Jiao
Director

Date: 23 Nov. 2020

Statement of Changes in Equity

	Share Capital	Share Premium	Retained Earnings	Total Equity
	£	£	£	£
Balance at 1 January 2019	6,027,750	177,424	(4,141,323)	2,063,851
Total comprehensive income for 2019				
Profit for the year	-	-	509,364	509,364
Total comprehensive income for the year	-	-	509,364	509,364
Transactions with owners, recorded directly in equity				
Issue of shares	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2019	6,027,750	177,424	(3,631,959)	2,573,215

	Share Capital	Share Premium	Retained Earnings	Total Equity
	£	£	£	£
Balance at 1 January 2018	6,027,750	177,424	(4,655,143)	1,550,031
Total comprehensive income for 2018				
Profit for the year	-	-	513,820	513,820
Total comprehensive income for the year	-	-	513,820	513,820
Transactions with owners, recorded directly in equity				
Issue of shares	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2018	6,027,750	177,424	(4,141,323)	2,063,851

The accompanying notes form part of the financial statements

Cash Flow Statement

For the year ended 31 December 2019

		2019	2018
		£	£
Cash flows from operating activities 2019	Note		
Operating profit for the year before tax		656,540	675,684
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	7,13	916,045	155,271
Financial cost	13	14,127	0
(Increase)/decrease in trade and other receivables	8	(635,177)	23,081
(Decrease)/increase in trade and other payables	10	(486,322)	(303,223)
Income tax paid		(180,000)	(283,346)
Net cash from operating activities		285,213	267,467
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(15,390)	(10,307)
Net cash from investing activities		(807,484)	(10,307)
Cash flows from financing activities			
Repayment of lease finance	13	(807,484)	0
Net cash from financing activities		(807,484)	0
Net increase/(decrease) in cash and cash equivalents		(537,661)	257,160
Cash and cash equivalents at 1 January		646,753	389,593
Cash and cash equivalents at 31 December	9	109,092	646,753
Net increase/(decrease) in cash and cash equivalents		(537,661)	257,160

The accompanying notes form part of the financial statements

Notes

(Forming part of the financial statements)

1 Accounting policies

Gingko Tree Investment Ltd (the “company”) is a company incorporated in the UK.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”) since incorporation.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The financial statements are prepared under the going concern assumption on the basis of committed support from its ultimate owner.

The company has uncomplicated circumstances and little or no exposure to economic difficulties. The company receives considerable support from its ultimate owner. Whilst Covid-19 could have an impact on the entity operation, the company believes it is appropriate for the financial statements to be prepared on the going concern basis, and that the company has access to sufficient liquidity in order to meet its obligations, as and when they fall due, for at least 12 months from the date of this report. The company has received the service fee due from the parent company for the first three quarters of 2020 and the ultimate owner has committed to provide financial support for at least 12 months from the date of this report

Foreign currency

Transactions in foreign currencies are translated to the company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Property, plant and equipment

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

Depreciation is charged to the income statement 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:

Fixture and Fittings	10 years
Plant and Equipment	5 years
Computers	5 years
Software	3 years

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

Revenue

Revenue represents the service fee received from its ultimate owner in accordance with the Investment Advisory Service Agreement signed between the company and its ultimate owner. Revenue from this service is recognised on a quarterly basis in line with IFRS15 requirement. Any amounts remaining unbilled or overpaid at the end of reporting period are presented in the statement of financial position as accounts receivable or payable.

To determine whether to recognise revenue, the Company follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

Other income represents interest receivable from the landlord on deposit lodged for the office lease. It is not the company's principal activity and the entire interest on the deposit paid is due to be received at the end of the lease.

Expenses

Expenses are recognised on the accrual basis.

Financial lease

Interest accrued on the finance lease liability is recognised in the income statement as financial costs. This is calculated using U.K. prime lending rate of 1.75%.

Depreciation on the right-of-use asset is charged to the income statement on a straight-line basis over the shorter of the lease term and useful economic life.

Accounting estimates and judgement

Estimates and judgments are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation and it can be reliably estimated. Provisions for dilapidation on leasehold premises are recognised as a liability over the period to the end of the lease. The accrual is based on expected costs to be incurred at the end of the lease period to bring the building back into a suitable state.

Discount rate

The lease liability is measured as the present value of the lease payments payable over the remaining lease payments discounted at the incremental borrowing rate. The company has used United Kingdom Prime Lending rate as the discounted rate when calculating the present value.

Adoption of new and revised IFRSs

In January 2016, IFRS16, Leases ("IFRS 16") was issued. The standard identifies a lease as a contract conveying the right to control the use of an asset for a period of time, in exchange for consideration. Control is defined as the right to direct the assets use and obtain substantially all the economic benefit from its use. Under IFRS 16 most leases on the financial statements of lessees are recorded on the Statement of Financial Position under a single model, eliminating the distinction between operating and finance leases. Lessees recognise a right-of-use asset and lease liability. The right of use asset is treated similarly to other non-financial assets and depreciated. The lease liability is measured as the present value of the lease payments payable over the lease term. Lessor accounting remains largely unchanged. The standard is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The right-of-use asset and lease liability recognised in the balance sheet as at 31 December 2019 is

Notes (continued)

507,358.13 and 512,215.75 respectively. There are additional disclosures in the notes 13. The previous accounting policy based on IAS 17 classified the lease as an operating lease as a lessee.

There are no standards that are not yet effective and that would be expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

2 Revenue

	2019 £	2018 £
Investment advisory service fee recognised	<u>7,088,333</u>	<u>7,342,396</u>

Revenue represents the service fee from its ultimate owner in accordance with the Investment Advisory Service Agreement signed between the company and its ultimate owner.

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

<i>Number of staff</i>	2019	2018
Ultimate owner's secondees (Director and core management team)	6	7
Local Employed staff (Investment, HR, Accounts and Administration)	22	23
	<u>28</u>	<u>30</u>
	£	£
Salaries and Wages	<u>3,375,456</u>	<u>3,214,959</u>
Pension contributions	<u>165,351</u>	<u>131,137</u>
Social security cost	<u>397,747</u>	<u>434,929</u>

On average, there were no significant changes in staff numbers and costs on wages remains as same level compared with the previous financial year.

Notes (continued)

4 Auditor's remuneration

	2019 £	2018 £
Audit of these financial statements	20,600	16,050
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	4,326	25,600
Total Auditor's remuneration	<u>24,926</u>	<u>41,650</u>

Other services relating to taxation are for tax compliance work which will be carried out in 2020.

5 Directors' Remuneration

	2019 £	2018 £
Salaries	135,039	149,215
Benefit	71,579	52,572
	<u>206,619</u>	<u>201,787</u>

The aggregate of emoluments of the highest paid director was £206,619 (2018: £147,908). None of directors accrues pension benefits.

Notes (continued)**6 Tax**

	2019	2018
	£	£
<i>Analysis of tax charge/(credit) for the period</i>		
Current tax		
UK corporation tax at 19.00% (PY: 19.00%)	194,256	178,056
Adjustments in respect of prior periods		
Total current tax charge	<u>194,256</u>	<u>178,056</u>
Deferred tax		
Origination and reversal of temporary differences	(47,080)	(16,192)
Adjustments in respect of prior periods		
Effect of tax rate change on opening balance		
Total deferred tax charge	<u>(47,080)</u>	<u>(16,192)</u>
Tax on profit on ordinary activities	<u>147,176</u>	<u>161,864</u>
<i>Provision for deferred tax</i>		
Accelerated capital allowances	<u>(39,329)</u>	<u>7,751</u>
<i>Movement in provision:</i>		
Provision at start of period	7,751	23,943
Deferred tax charged in the income	<u>(47,080)</u>	<u>(16,192)</u>
Provision at end of period	<u>(39,329)</u>	<u>7,751</u>
<i>Reconciliation of tax charge</i>		
Profit on ordinary activities before tax	656,540	675,685
Tax on profit (loss) on ordinary activities at standard CT rate of 19.00% (PY: 19.00%)	124,743	128,380
Fixed asset differences	2,975	4,365
Expenses not deductible for tax	11,751	22,246
Deferred tax not recognised	1,940	4,445
Difference in tax rates	<u>5,767</u>	<u>2,428</u>
Total charge for the period	<u>147,176</u>	<u>161,864</u>

Notes (continued)

7 Plant and equipment

	Plant and equipment £	Fixture and Fittings £	Software £	Total £
Cost				
Balance at 1 January 2019	399,431	602,474	413,450	1,415,355
Additions	15,391	0	0	15,391
Balance at 31 December 2019	<u>414,822</u>	<u>602,474</u>	<u>413,450</u>	<u>1,430,746</u>
Depreciation and Impairment				
Balance at 1 January 2019	294,085	480,041	404,218	1,178,344
Charge for the year	48,352	60,247	9,232	117,831
Balance at 31 December 2019	<u>342,437</u>	<u>540,288</u>	<u>413,450</u>	<u>1,296,175</u>
Net Book Value				
At 1 January 2019	<u>105,346</u>	<u>122,433</u>	<u>9,232</u>	<u>237,011</u>
At 31 December 2019	<u>72,385</u>	<u>62,186</u>	<u>0</u>	<u>134,571</u>

	Plant and equipment £	Fixture and Fittings £	Software £	Total £
Cost				
Balance at 1 January 2018	389,124	602,474	413,450	1,405,048
Additions	10,307	0	0	10,307
Balance at 31 December 2018	<u>399,431</u>	<u>602,474</u>	<u>413,450</u>	<u>1,415,355</u>
Depreciation and Impairment				
Balance at 1 January 2018	245,852	419,794	357,427	1,023,073
Charge for the year	48,233	60,247	46,791	155,271
Balance at 31 December 2018	<u>294,085</u>	<u>480,041</u>	<u>404,218</u>	<u>1,178,344</u>
Net Book Value				
At 1 January 2018	<u>143,272</u>	<u>182,680</u>	<u>56,023</u>	<u>381,975</u>
At 31 December 2018	<u>105,346</u>	<u>122,433</u>	<u>9,232</u>	<u>237,011</u>

Notes (continued)

8 Trade and other receivables

	2019	2018
	£	£
Current		
Trade and other receivables	3,305,010	93,576
Prepayments	373,074	215,475
VAT recoverable	<u>54,446</u>	<u>86,357</u>
	<u>3,732,530</u>	<u>395,408</u>
Non-current		
Other receivables	0	2,701,946
Deferred Tax	<u>39,329</u>	<u>0</u>
Total	<u>3,771,859</u>	<u>3,097,354</u>

Included within current trade and other receivables is £2,714,091, which is recognised as non-current receivable in 2018 (£2,701,946). This amount represents the deposit paid for the premises currently occupied as well as interests accrued on the deposit, which has been received in May 2020.

9 Cash and cash equivalents

	2019	2018
	£	£
Cash and cash equivalents per balance sheet	<u>109,092</u>	<u>646,753</u>
Cash and cash equivalents per cash flow statement	<u>109,092</u>	<u>646,753</u>

10 Trade and other payables

	2019	2018
	£	£
Current		
Trade payables	100,873	741,488
Tax payable	102,312	175,632
Accrued expenses	<u>1,037,684</u>	<u>819,474</u>
	1,240,869	1,736,594
Non-current		
Provision (see note 14)	196,580	172,922
Deferred tax	<u>0</u>	<u>7,751</u>
	<u>196,580</u>	<u>180,673</u>

Notes (continued)

11 Share capital

	2019	2018
	£	£
Issued for cash		
Share capital	6,027,750	6,027,750
Share premium	177,424	177,424
	<hr/>	<hr/>
Issued— fully paid	6,205,174	6,205,174
	<hr/>	<hr/>
	2019	2018
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	6,205,174	6,205,174
	<hr/>	<hr/>
	6,205,174	6,205,174
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meeting of the company.

There is no change in share capital during this year.

12 Provision

	Provision
	£
Balance at 1 January 2019	172,922
Provision made during the year	23,658
Balance at 31 December 2019	<hr/> 196,580
	£
Non-current	<hr/> 196,580
Balance at 31 December 2019	<hr/> 196,580

The amounts provided in respect to dilapidations relate to the company's office premises. This is recognised as a liability over the period of the lease. This provision represents the current fair value of the liabilities expected to be incurred at their relevant dates.

Notes (continued)

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13 Financial Lease

(i) Right-of-use assets	2019	2018
	£	£
Balance as at beginning of period	1,305,572	0
Additions during the period	0	0
Depreciation charged during the period	<u>798,214</u>	<u>0</u>
Balance as at end of period	<u><u>507,358</u></u>	<u><u>0</u></u>
 (ii) Lease liabilities	 2019	 2018
	£	£
Within one year	807,484	292,444
In the second to fifth years inclusive	512,216	1,020,548
More than the fifth year	<u>0</u>	<u>0</u>
Total undiscounted lease payments at the end of the year	<u><u>1,319,700</u></u>	<u><u>1,312,992</u></u>
At balance sheet date, the company had a discounted lease liability as follows:		
Current	512,216	0
Non-current	<u>0</u>	<u>0</u>
Total lease liability	<u><u>512,216</u></u>	<u><u>0</u></u>
 (iii) Amounts recognised in the profit/(loss) for the year	 2019	 2018
	£	£
Depreciation on right-of-use assets	798,214	0
Interest on lease liabilities	14,127	0
 (iii) Outflows recognised in the cash flow statement for the year	 2019	 2018
	£	£
Financing		
Repayment of lease finance	807,484	0
 (iv) Other leasing information		

The company renewed office leasing for another 10 years, started from 13th August 2020 till 12 August 2030. There is 33 month free leasing period according to the leasing contract. The first payment will be made on 13th May 2023.

Notes (continued)

14 Related party transactions

The company's ultimate owner is the State Administration of Foreign Exchange of the People's Republic of China (SAFE). Other related parties represent the London Representative Office of its ultimate owner.

	Sales to		Administrative expenses incurred on behalf of and recharged from	
	2019	2018	2019	2018
	£	£	£	£
Ultimate owner	7,088,333	7,342,396	0	0
Other related parties	0	0	80,336	90,475
	<u>7,088,333</u>	<u>7,342,396</u>	<u>80,336</u>	<u>90,475</u>

	Receivables outstanding		Payables outstanding	
	2019	2018	2019	2018
	£	£	£	£
Ultimate owner	0	0	0	0
Other related parties	1,048	46,944	0	0
	<u>1,048</u>	<u>46,944</u>	<u>0</u>	<u>0</u>

15 Immediate Parent Company and Ultimate Owner

The company is a subsidiary undertaking of Investment Company of the People's Republic of China (Singapore) PTE Limited. The State Administration of Foreign Exchange is the ultimate owner based in the People's Republic of China. The financial statements of the parent company are available on Singapore Accounting and Corporate Regulatory Authority (ACRA) website: <http://www.acra.gov.sg/>.

16 Post Balance Sheet Events

As at 31 December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation ("WHO"). Following the subsequent spread of the virus, on March 11, 2020 the WHO declared COVID-19 outbreak to be a pandemic. The identification of the virus post 31 December 2019 as a new coronavirus, and its subsequent spread, is considered a non-adjusting event.

Whilst Covid-19 could have an impact on the entity operation, the company believes it is appropriate for the financial statement to be prepared on the going concern basis, and that the company has access to sufficient liquidity in order to meet its obligations, as and when they fall due, for at least 12 months from the date of this report. The company has received the service fee due from the parent company for the first and second quarters of 2020.

As a consequence of the referendum in the UK during 2016, the 'Brexit' process was initiated in 2017, by which the United Kingdom left the European Union on the 31 January 2020. Although there is no evidence to 31 December 2019 that Brexit has adversely affected the Company's activities, the company is continuing to monitor the situation.