

HARVEST 2 SELLY OAK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

HARVEST 2 SELLY OAK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors of Harvest 2 Selly Oak Limited ('the Company') present their report and the audited financial statements for the year ended 31 March 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have prepared the audited financial statements in accordance with UK adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity, review of the business and future developments

The Company has continued its business of property development in the United Kingdom. No changes to the Company's principal activity are anticipated in the foreseeable future.

Going Concern

The directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2022. Given the Company's operating model, the directors believe that the Company has sufficient resources to meet its obligations as they fall due for the going concern assessment period to 31 March 2024. Based on this, together with available market information and the directors' knowledge and experience of the Company, the directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2022.

Results for the year and dividend

The results are set out in the Statement of Comprehensive Income on page 6.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: £Nil) in addition to the interim dividend of £864,000 (2021: £Nil), making a total dividend for the year of £864,000 (2021: £Nil).

Directors

The directors who held office during the year and up to the date of this report unless otherwise stated were:

R C Futter (resigned 5 August 2022)
G J Cowen
C J Fleetwood (resigned 22 December 2021)
P Gallier (resigned 9 September 2022)
J Chapman (appointed 5 August 2022)

B W Norman (appointed 9 September 2022)
N J H Black (appointed 22 December 2021)

Indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

Small companies exemption

The Directors' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Strategic report

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

HARVEST 2 SELLY OAK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Statement of disclosure of information to auditor

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

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

Registered Office
100 Victoria Street
London
SW1E 5JL

J Chapman
Director

G J Cowen
Director

Date: 29 March 2023

Date: 29 March 2023

Registered and domiciled in England and Wales
Registered number: 07980339

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARVEST 2 SELLY OAK LIMITED

Opinion

We have audited the financial statements of Harvest 2 Selly Oak Limited (the 'Company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as applied in accordance with the provisions 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 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with the provisions 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 to 31 March 2024.

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 rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARVEST 2 SELLY OAK LIMITED (CONTINUED)

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 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' responsibility statement set out on page 1, 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.

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 which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 and the Companies Act 2006) and the relevant tax regulations in the United Kingdom.
- We understood how the Company is complying with those frameworks through enquiry with the Company and by identifying the Company's policies and procedures regarding compliance with laws and regulations. We also identified those members of the Company who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instances of non-compliance to those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through enquiry with the Company's Management during the planning and execution phases of the audit. Where the risk was considered to be higher we performed audit procedures to address each identified fraud risk, specifically the risk over impairment of amounts due from related parties.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Enquiry of Management, and when appropriate, those charged with governance, regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could impact the financial statements; and
 - Reading minutes of the meetings of those charged with governance.
 - Obtaining direct bank confirmations to vouch the existence of cash balances;
 - Obtaining and reading correspondence from legal and regulatory bodies, including HMRC; and
 - Journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding the business.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARVEST 2 SELLY OAK LIMITED (CONTINUED)

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.

Graeme Downes (Senior statutory auditor)

For and on behalf of
Ernst & Young LLP, Statutory Auditor

London

30 March 2023

HARVEST 2 SELLY OAK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2021 £000
Costs	4	(2)	-
Gross (loss)/profit		<u>(2)</u>	<u>-</u>
Management and administrative expenses	4	(47)	(77)
Operating loss		<u>(49)</u>	<u>(77)</u>
Interest income	6	-	4
Loss before tax		<u>(49)</u>	<u>(73)</u>
Taxation	7	7	13
Loss and total comprehensive loss for the financial year		<u><u>(42)</u></u>	<u><u>(60)</u></u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

All amounts are derived from continuing activities.

HARVEST 2 SELLY OAK LIMITED
REGISTERED NUMBER: 07980339

BALANCE SHEET
AS AT 31 MARCH 2022

		2022	2021
	Notes	£000	£000 (restated)
Current assets			
Trade and other receivables	8	3	26
Amounts due from related parties	9	360	335
Cash and cash equivalents	10	211	1,239
		<hr/>	<hr/>
		574	1,600
Current liabilities			
Trade and other payables	11	(81)	(76)
Amounts owed to related parties	12	(226)	(351)
		<hr/>	<hr/>
		(307)	(427)
Net assets		<hr/>	<hr/>
		267	1,173
Capital and reserves			
Share capital	14	-	-
Retained earnings		267	1,173
		<hr/>	<hr/>
Total equity		267	1,173
		<hr/>	<hr/>

The financial statements on pages 6 to 15 were approved by the Board of Directors, and were signed on its behalf by:

J Chapman
Director

G J Cowen
Director

Date: 29 March 2023

Date: 29 March 2023

HARVEST 2 SELLY OAK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £000	Retained earnings £000	Total £000
At 1 April 2020	-	1,233	1,233
Total comprehensive loss for the year	-	(60)	(60)
At 31 March 2021	-	1,173	1,173
Total comprehensive loss for the year	-	(42)	(42)
Dividends	-	(864)	(864)
At 31 March 2022	-	267	267

HARVEST 2 SELLY OAK LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Loss before tax		(49)	(13)
Adjustments for:			
Interest income	6	-	(4)
Changes in working capital:			
(Decrease)/increase in receivables	8,9	(2)	948
Decrease in payables	11,12	(113)	(2,156)
Net cash used in operations		(164)	(1,285)
Cash flows from investing activities			
Interest income		-	4
Net cash outflow from investing activities		-	4
Cash flows from financing activities			
Dividends paid	5	(864)	-
Net cash outflow from financing activities		(864)	-
Net movement in cash and cash equivalents for the year		(1,028)	(1,280)
Cash and cash equivalents at the beginning of the year		1,239	2,519
Cash and cash equivalents at the end of the year		211	1,239

HARVEST 2 SELLY OAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies

1.1 Basis of preparation

These financial statements have been prepared on a going concern basis and in accordance with UK adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006. The financial statements are prepared under the historical cost convention.

Harvest 2 Selly Oak Limited ('the Company') is a private company limited by shares and is incorporated, domiciled and registered in England and Wales (Registered number: 07980339). The nature of the Company's operations is set out in the Directors' Report on page 1.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2022. The financial statements are prepared in Pounds Sterling and rounded to the nearest thousand pounds (£'000).

1.2 Trade and other receivables

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money and are presented in the balance sheet net of allowances for doubtful receivables. The Company assesses on a forward-looking basis, the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit losses, the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis.

Trade and other receivables are written off once all avenues to recover the balances are exhausted and the lease has ended. Receivables written off are no longer subject to any enforcement activity.

1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are deducted from cash and cash equivalents for the purpose of the Statement of Cash Flows.

1.4 Provisions

A provision is recognised in the Balance Sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.5 Share capital

Ordinary shares are classified as equity.

1.6 Going Concern

The Directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2022. Given the Company's operating model, the Directors believe that the Company has sufficient resources to meet its obligations as they fall due for the going concern assessment period to 31 March 2024. Based on this, together with available market information and the Directors' knowledge and experience of the Company, the Directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2022.

1.7 Expenses

Management and administrative expenditure is expensed as incurred.

1.8 Income taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the Balance Sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised, or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

HARVEST 2 SELLY OAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies (continued)

1.9 Related party loans

Amounts owed to related parties

Amounts owed to related parties are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts owed to related parties are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Statement of Comprehensive Income over the period of the loan, using the effective interest method.

Amounts due from related parties

Amounts due from related parties are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts due from related parties are stated at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward-looking basis, the expected credit losses associated with its amounts due from related parties. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. If collection is expected in more than one year, the balance is presented within non-current assets.

In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty.

1.10 Trade and other payables

Trade and other payables with no stated interest rate and payable within one year are recorded at transaction price. Trade and other payables after one year are discounted based on the amortised cost method using the effective interest rate.

1.11 Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

2. Changes in accounting policies and standards

The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, as amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year. There have been no new accounting standards, amendments or interpretations during the year that have a material impact on the financial statements of the Company.

Amendments to accounting standards

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Company, none of which are expected to have a material impact on the financial statements of the Company.

3. Significant accounting judgements and estimates

The Company's significant accounting policies are stated in note 1 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These estimates involve assumptions or judgements in respect of future events. Actual results may differ from these estimates.

Estimates

Amounts due from related parties

The Company is required to judge when there is sufficient objective evidence to require the impairment of amounts due from related parties. It does this by assessing on a forward-looking basis, the expected credit losses associated with its amounts due from related parties. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty.

HARVEST 2 SELLY OAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. Management and administrative expenses

(a) Management services

The Company had no employees during the year (2021: None).

(b) Directors' remuneration

The directors received no emoluments for their services to the Company (2021: £Nil).

(c) Auditor remuneration

The auditor's remuneration amounts to **£2,740** (2021: £3,030). No non-audit services were provided to the Company during the year (2021: None).

(d) Administrative fee

The Harvest administrative fee amounts to **£44,000** (2021: £74,000).

(e) Write off of non recoverable amount due from related parties

The non recoverable portion of amount due from Harvest GP Limited written off in the year amounts to **£2,100** (2021: £Nil).

5. Dividends

	2022 £ per share	2022 £000	2021 £ per share	2021 £000
Ordinary - interim	864,000	864	-	-
Total dividends	864,000	864	-	-

6. Interest income

	2022 £000	2021 £000
Interest income		
Other interest income	-	4
Total interest income	-	4

7. Income tax

	2022 £000	2021 £000
Corporation tax		
Income tax on loss for the year	-	(13)
Adjustments in respect of prior years	(7)	-
Total income tax credit in the Statement of Comprehensive Income	(7)	(13)

HARVEST 2 SELLY OAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. Income tax (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £000	2021 £000
Loss before tax	(49)	(73)
Loss before tax multiplied by UK corporation tax rate	(9)	(14)
Non-taxable income	9	8
Adjustments in respect of prior years	(7)	(7)
Total tax credit in the Statement of Comprehensive Income (as above)	(7)	(13)

8. Trade and other receivables

	2022 £000	2021 £000 (restated)
Current tax assets	3	26
Total trade and other receivables	3	26

9. Amounts due from related parties

	2022 £000	2021 £000
Amounts due from Harvest GP Limited	293	295
Amounts due from Harvest 2 Limited Partnership	14	14
Amounts due from Land Securities Properties Limited	53	26
Total amounts due from related parties	360	335

The unsecured amounts due from related parties are interest free and repayable on demand with no fixed repayment date.

10. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	211	1,239
Cash and cash equivalents	211	1,239

HARVEST 2 SELLY OAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

11. Trade and other payables

	2022 £000	2021 £000
Trade and other payables	7	68
Accruals	74	8
Total trade and other payables	81	76

12. Amounts owed to related parties

	2022 £000	2021 £000 (restated)
Amounts owed to Harvest Development Management Limited	226	351
Total amounts owed to related parties	226	351

The unsecured amounts owed to related parties are interest free and repayable on demand with no fixed repayment date.

13. Financial risk management

Financial risk management objectives and policies

The Company is exposed to minimal credit risk and liquidity risk due to the nature of the receivables and payables as detailed below. The Company's overall risk management strategy seeks to minimise the potential adverse effects of these on the Company's financial performance through established policies and procedures for managing each of these risks, which are summarised below.

The Company has other receivables, amounts due from related parties, amounts owed to related parties and trade and other payables that arise directly from its operations. The carrying value equals the fair value of the other receivables, amounts due from related parties, amounts owed to related parties and trade and other payables due to their short-term nature.

Credit risk

The Company's principal financial assets are amounts due from related parties. Impairment is made where there is objective evidence that the Company will not be able to collect all amounts due from the related party according to the original terms of the receivables concerned. The carrying amounts of the financial assets represent the best estimate of the maximum credit risk. In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty.

Liquidity risk

The Company is exposed to liquidity risk and needs to ensure that the cash flows from operations are sufficient to enable it to pay its trade and other payables. The Company carefully monitors actual cash flows against forecasts and budgets in order to manage this risk. Please also see the Directors' Report regarding going concern.

Capital management

The Company considers its capital to constitute Shareholders' capital. The primary objective of the Company's capital management is to ensure that the Company's commitments to its borrowings are met on a timely basis. For this purpose, the Company has entered into an agreement with another related party to ensure sufficient funds are available to meet the external obligations when these arise.

HARVEST 2 SELLY OAK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

14. Ordinary share capital

	Authorised and issued		Allotted and fully paid	
	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary shares of £1.00 each	1	1	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

15. Related party transactions

At 31 March 2022, an amount of **£53,000** (2021: £26,000) was due from Land Securities Properties Limited. The movement in the balance of **£27,000** (2021: £34,000) relates to working capital requirements during the year.

At 31 March 2022, an amount of **£293,000** (2021: £295,000) was due from Harvest GP Limited. The movement in the balance was **£2,000** (2021: £Nil) relates to write off of non-recoverable balance in the year.

At 31 March 2022, an amount of **£226,000** (2021: £351,000 restated) was owed to Harvest Development Management Limited. The movement in the balance of **£125,000** (2021: £1,794,000 restated) relates to working capital requirements during the year.

At 31 March 2022, an amount of **£14,000** (2021: £14,000) was due from Harvest 2 Limited Partnership. The movement in the balance was **£Nil** (2021: £Nil) in the year.

16. Ultimate controlling parties

The immediate parent company is Harvest 2 GP Limited. Harvest 2 GP Limited holds the investment in the Company on trust for Harvest 2 Limited Partnership and therefore, the entity that is considered to have effective direct control of the Company is Harvest 2 Limited Partnership.

Harvest 2 GP Limited is jointly owned by Land Securities Group PLC and J Sainsbury plc, both of which are registered in England and Wales. Therefore, there is no ultimate controlling party of the Company.

17. Prior year restatement

The Balance Sheet for 31 March 2021 has been restated due to a prior year Covid deferred VAT payment that was recorded in Harvest 2 Selly Oak Limited in error, instead of Harvest Development Management Limited. This has resulted in an overstatement of trade and other receivables by £307,000, and the overstatement of amounts owed to related parties by £307,000. The impact on the Company's retained earnings at 31 March 2021 is £Nil.

	2021 £000
Effect on trade and other receivables	
Trade and other receivables	333
Adjustment due to Covid deferred VAT payment misallocation	(307)
	<u>26</u>
Effect on amounts owed to related parties	
Amounts owed to related parties	(658)
Adjustment due to Covid deferred VAT payment misallocation	307
	<u>(351)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.