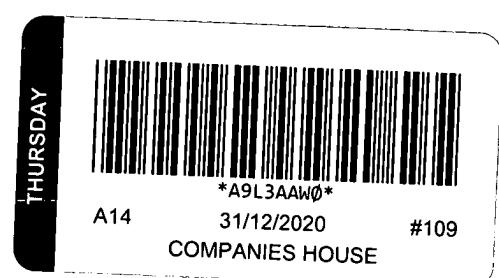


Liss Developments Limited

Audited Financial Statements

For the year ended 31 December 2019

Company Number: 08179647



Liss Developments Limited
Audited Financial Statements
For the year ended 31 December 2019

CONTENTS

	Page
Company Information	2
Directors' Report	3
Independent Auditors' Report	4 – 5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 – 14

Liss Developments Limited

Company Information

Directors

Zoe Amy Rizzuto
Helen Jayne Wetherall

Registered Office

8th Floor
1 Fleet Place
London
EC4M 7RA

Independent Valuer

Knight Frank LLP
55 Baker Street
London
W1U 8AN

Solicitors

Pinsent Masons LLP
30 Crown Place
Earl Street
London
EC2A 4ES

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Administrator

Langham Hall Fund Management (Jersey) Limited
3rd Floor, Liberation House
Castle Street
St. Helier
Jersey
JE1 2LH
Channel Islands

Liss Developments Limited

Directors' Report

For the year ended 31 December 2019

The Directors present their report and financial statements for the year ended 31 December 2019. The report has been prepared in accordance with the special provisions relating to small companies under Section 415A (1) and (2) of the Companies Act 2006.

Principal activities

Liss Developments Limited (the "Company") was incorporated on 14 August 2012. The Company's principal activity is a property investment company investing in UK Real Estate.

Strategic report

The Directors have taken advantage of the exemptions allowed under Section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

Results and dividends

The profit for the year amounted to £27,607 (period ended 31 December 2018: £1,083,951). The Directors have not paid a dividend in respect of the year.

Directors

The following persons served as directors during the year to date of signing:

Zoe Amy Rizzuto

Helen Jayne Wetherall

Amanda Marie Robinson (appointed on 28 October 2019 and resigned on 4 November 2019)

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Statement of Comprehensive Income 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is in appropriate to presume the Company will continue in business

As explained in note 1 to the financial statements, the Directors do not believe the going concern basis to be appropriate and in consequence these financial statements have not been prepared on that basis

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.



Helen Jayne Wetherall

Director

Date: 16/12/2020

Liss Developments Limited

Independent Auditors' Report

For the year ended 31 December 2019

Opinion

We have audited the financial statements of Liss Developments Limited ("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 and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

Emphasis of matter – basis of preparation

We draw attention to Note 1 to the financial statements which explains that the Directors intend to cease trading and liquidate the company within the next twelve months. Accordingly, the financial statements have been prepared on a basis other than that of going concern as described in Note 1. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the audited 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 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.

Liss Developments Limited

Independent Auditors' Report

For the year ended 31 December 2019

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 Director's 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 Statement of Directors Responsibilities, 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

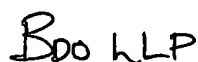
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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:

<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.

 BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date 16 December 2020

Liss Developments Limited
Statement of Comprehensive Income
For the year ended 31 December 2019

		Year ended 31 Dec 2019	1 May 2018 to 31 Dec 2018
	Note	£	£
Revenue	4	966,962	333,077
Administrative and other expenses excluding fair value movements	5	(24,336)	(352,796)
Change in fair value of investment property	9	(558,218)	1,754,196
Realised loss on disposal of group undertakings		-	(369,163)
Administrative and other expenses		(582,554)	1,032,237
Operating profit		384,408	1,365,314
Finance income	6	43,103	4,507
Finance costs	7	(243,608)	(84,736)
Profit for the year/period before tax		183,903	1,285,085
Taxation charge	8	(156,296)	(201,134)
Total comprehensive income for the year/period		27,607	1,083,951

There are no items of comprehensive income other than the profit for the financial year.

Liss Developments Limited

Company Number: 08179647

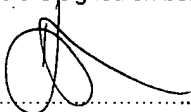
Statement of Financial Position

As at 31 December 2019

	Note	As at 31 Dec 2019 £	As at 31 Dec 2018 £
Assets			
Fixed assets			
Tangible assets	9	15,520,000	15,520,000
Total fixed assets		15,520,000	15,520,000
Current assets			
Trade and other receivables	10	892,455	100,000
Total current assets		892,455	100,000
Total assets		16,412,455	15,620,000
Liabilities			
Current liabilities			
Trade and other payables	11	2,540,585	1,932,033
Current tax liability	8	141,003	-
Bank borrowings	12	86,530	72,605
Total current liabilities		2,768,118	2,004,638
Non-current liabilities			
Bank borrowings	12	7,388,470	7,402,395
Deferred tax liability	8	993,396	978,103
Total non-current liabilities		8,381,866	8,380,498
Total liabilities		11,149,984	10,385,136
Total net assets		5,262,471	5,234,864
Equity			
Share capital	13	850,100	850,100
Retained earnings		4,412,371	4,384,764
Total equity		5,262,471	5,234,864

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 16/12/2020 and are signed on behalf of the board by:


Helen Jayne Wetherall
Director

Company registration number: 08179647

The accompanying notes on pages 9 to 14 form part of the financial statements.

Liss Developments Limited
Statement of Changes in Equity
For the year ended 31 December 2019

	Note	Share capital £	Retained earnings £	Total equity £
Balance as at 1 May 2018		100	3,300,813	3,300,913
Total comprehensive income		-	1,083,951	1,083,951
Shares issued	13	850,000	-	850,000
Balance as at 31 December 2018		850,100	4,384,764	5,234,864
Balance as at 1 January 2019		850,100	4,384,764	5,234,864
Total comprehensive income		-	27,607	27,607
Balance as at 31 December 2019		850,100	4,412,371	5,262,471

The accompanying notes on pages 9 to 14 form part of the financial statements.

Liss Developments Limited

Notes to the Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General information

The financial statements of Liss Developments Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 16 December 2020.

The Company is a registered private company incorporated in the England and Wales with registration number 08179647. The registered office is 8th Floor, 1 Fleet Place, London, England, EC4M 7RA. The Company's principal activity is the investment of real estate in the UK.

These financial statements represent the separate financial statements of the Company.

1.2 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial instruments, which have been measured at fair value through the Statement of Comprehensive Income, and in accordance with the Companies Act 2006.

The Company has taken advantage of the small companies' exemption which is permissible under FRS 102 Section 1A and have not provided a Statement of Cash Flow.

1.3 Going concern

Post year end the Company disposed of its Investment Property and as such the Directors intend to cease trading and liquidate the Company within the next twelve months. The Directors have reviewed the Company's assets and considered the value of all the assets disclosed in the financial statements to be equal to their net realisable value. No adjustments have been made in the financial statements as a result of the financial statements being prepared on a basis other than a going concern.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below.

- **Currency**

The Company financial information is presented in Sterling (£) which is also the Company's functional currency.

- **Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. Subsequent to initial recognition, investment property is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in Statement of Comprehensive Income for the period in which they arise.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure. All other property expenditure such as ongoing repairs and maintenance are expensed as incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Comprehensive Income in the period in which the property is derecognised.

Deferred acquisition costs represent costs incurred on investment properties which were acquired after the period and subsequently capitalised.

Significant accounting judgements, estimates and assumptions made in the valuation of investment properties are discussed in Note 3.

Liss Developments Limited

Notes to the Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

- **Rental income**

Rental income from investment property is recognised on a straight-line basis over the expected term of ongoing leases. Lease incentives and step rents with minimum uplifts are spread evenly over the expected lease term.

- **Taxation**

Taxation on the profit or loss for the period is comprised of current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it is recognised as a direct movement in equity. Current tax is expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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 that is 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.

- **Trade and other receivables**

Trade and other receivables are amounts due in the ordinary course of business.

Trade and other receivables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence the Company will not be able to collect all amounts due in accordance with the original terms of the receivables. Balances are written off to the Statement of Comprehensive Income when the probability of recovery is assessed as being remote.

- **Trade and other payables**

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost until settled.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial information:

- **Fair valuation of investment properties**

The Company uses the valuation carried out by its Independent Valuer as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income and appropriate capitalisation rate. The Independent Valuer makes reference to market evidence of transaction prices for similar properties.

The Company's properties have been independently valued by Knight Frank LLP (the "Independent Valuer") in accordance with definitions published by the Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards, July 2017, Global and UK Editions (commonly known as the "Red Book").

4. REVENUE

	Year ended 31 Dec 2019 £	1 May 2018 to 31 Dec 2018 £
Rental income from investment property	966,962	333,077
	966,962	333,077

Revenue includes amounts receivable in respect of property rental income and is measured at the fair value of the consideration received or receivable. Rental income is derived from investment properties and is recognised on a straight line basis over the expected term of the relevant leases. Lease incentives of £808,218 (Period ended 31 December 2018: £333,077) have been included in rental income.

Liss Developments Limited
Notes to the Financial Statements

5. ADMINISTRATIVE AND OTHER EXPENSES

	Year ended 31 Dec 2019 £	1 May 2018 to 31 Dec 2018 £
Legal and professional expenses	2,685	18,836
Other expenses	21,651	333,960
	24,336	352,796

6. FINANCE INCOME

	Year ended 31 Dec 2019 £	1 May 2018 to 31 Dec 2018 £
Interest income	43,103	4,507
	43,103	4,507

7. FINANCE COSTS

	Year ended 31 Dec 2019 £	1 May 2018 to 31 Dec 2018 £
Bank charges	-	3
Interest expense	243,608	84,733
	243,608	84,736

8. TAXATION

	Year ended 31 Dec 2019 £	1 May 2018 to 31 Dec 2018 £
Current tax charge		
Corporation tax on profits for the year/period	141,003	-
Deferred tax charge		
Origination and reversal of timing differences	15,293	201,134
Total tax charge	156,296	201,134

Reconciliation of the total tax charge

The reconciliation of profit before tax multiplied by the standard rate of corporation tax for the year of 19% to the total tax charge in the income statement is as follows:

	Year ended 31 Dec 2019 £	1 May 2018 to 31 Dec 2018 £
Profit on ordinary activities before tax	183,903	1,285,085
UK corporation tax at 19%	34,942	244,166
Effects of:		
Unrealised gain on valuation of investment property	121,354	-
Adjust closing deferred tax to the current corporation tax rate	-	(43,032)
Total tax charge	156,296	201,134

Liss Developments Limited

Notes to the Financial Statements

8. TAXATION (CONTINUED)

Deferred tax liability

	As at 31 Dec 2019 £	As at 31 Dec 2018 £
Deferred tax liability brought forward	978,103	776,969
Origination and reversal of timing differences	15,293	201,134
Deferred tax liability carried forward	993,396	978,103

9. TANGIBLE ASSETS

	As at 31 Dec 2019 £	As at 31 Dec 2018 £
Opening balance	15,520,000	13,014,006
Additions in the year/period	-	418,721
Reclassification to trade and other receivables	(250,000)	-
Lease incentives	808,218	333,077
Change in fair value during the year/period	(558,218)	1,754,196
Closing balance	15,520,000	15,520,000

Knight Frank LLP, the independent valuer has valued Blenheim Court Care Home at £15,520,000 as at 31 December 2019. The historic cost of the property is £8,924,695 (Period ended 31 December 2018: £8,924,695).

The reclassification to trade and other receivables of £250,000 relates to the interest bearing loan provided to the tenant.

On 18 June 2020, the property Blenheim Court was transferred at fair value from the Company to EHP (Liss) Limited; a subsidiary of the immediate parent EHP BottomCo Limited as stated in Note 18.

10. TRADE AND OTHER RECEIVABLES

	As at 31 Dec 2019 £	As at 31 Dec 2018 £
Loan receivable from tenant	750,000	-
Interest receivable from tenant	13,233	-
VAT receivable	29,222	-
Other debtors	100,000	100,000
	892,455	100,000

There is a loan agreement between the Company and the tenant for the amount of £750,000. The tenant is liable to pay interest at an interest rate of 7% per annum. The loan matures on 23 August 2024.

11. TRADE AND OTHER PAYABLES

	As at 31 Dec 2019 £	As at 31 Dec 2018 £
Amounts owed to group undertakings	2,461,213	1,804,707
Deferred income	79,372	-
Interest payable	-	2,061
Other creditors	-	125,265
	2,540,585	1,932,033

Liss Developments Limited

Notes to the Financial Statements

12. BANK BORROWINGS

	As at 31 Dec 2019 £	As at 31 Dec 2018 £
Bank loan	7,475,000	7,475,000
	<u>7,475,000</u>	<u>7,475,000</u>
Maturity of bank borrowings drawn	As at 31 Dec 2019 £	As at 31 Dec 2018 £
Repayable in less than 1 year	86,530	72,605
Repayable between 1 and 2 years	86,530	96,806
Repayable between 2 and 5 years	7,301,940	7,305,589
	<u>7,475,000</u>	<u>7,475,000</u>

EHP BottomCo Limited novated an amount of £7,475,000 to the Company under the HSBC Bank plc facility agreement dated 29 March 2018. The loan has a 5 year term from the date of the facility agreement with a fixed rate of 2.45% plus a 3 month LIBOR interest rate. The loan is due to mature on 29 March 2023.

The guarantors of the loan are members of the Group which consists of the Company, EHP BottomCo Limited, EHP PropCo 1 Limited, 55 Plus Limited, Hailsham House (New Road) Limited and Kettlewell House Limited.

13. SHARE CAPITAL

	As at 31 Dec 2019 £	As at 31 Dec 2018 £
Authorised:		
850,100 Ordinary Shares of £1.00 each	<u>850,100</u>	<u>850,100</u>
Issued and fully paid:		
850,100 Ordinary Shares of £1.00 each	<u>850,100</u>	<u>850,100</u>

Share capital represents the nominal value of share capital subscribed for.

14. OPERATING LEASES - THE COMPANY AS LESSOR

The future minimum lease receivable by the Company under operating leases as at 31 December 2019 are as follows:

31 December 2019	< 1 year £	2-5 years £	> 5 years £	Total £
Lease receivables	<u>857,507</u>	<u>4,005,381</u>	<u>14,661,722</u>	<u>19,524,610</u>
31 December 2018	< 1 year £	2-5 years £	> 5 years £	Total £
Lease receivables	<u>129,524</u>	<u>3,941,741</u>	<u>19,428,152</u>	<u>23,499,417</u>

The Company lease provides for fixed rents which are reviewed on an upward only annual basis. The rent review is directly linked to inflation or on a fixed basis and has a long contractual term.

15. EMPLOYEES

The average monthly number of employees, excluding the directors not paid through the Company, during the year was as follows:

	31 Dec 2019 No.	31 Dec 2018 No.
Employees	<u>-</u>	<u>6</u>

Liss Developments Limited

Notes to the Financial Statements

16. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2019.

17. RELATED PARTY DISCLOSURES

As at 31 December 2019, included in trade and other payables is an interest free loan amount of £2,461,213 (2018: £1,804,707) owed by the Company to EHP BottomCo Limited, a company registered in Jersey. The Company is wholly owned by EHP BottomCo Limited. The interest free loan amount is repayable on demand.

18. POST BALANCE SHEET EVENTS

On 23 March 2020, the UK Government announced a national lockdown in response to the COVID-19 virus outbreak. This post balance sheet event does not impact the amounts reported in the financial statements for the year ended 31 December 2019.

On 18 June 2020, the Company transferred the investment property it held, Blenheim Court and novated the £7,475,000 HSBC loan to EHP (Liss) Limited, a company which shares the same immediate parent as the Company, EHP BottomCo Limited. As a result of this transfer and novation, the Directors have plans to wind up the Company within the next 12 months from the date of signing these financial statements.

19. ULTIMATE CONTROLLING PARTY

The Company is wholly owned by its immediate parent EHP BottomCo Limited a company incorporated in Jersey. There is no ultimate controlling party.