Company registration number 08280584 (England and Wales)

ARMILA CAPITAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ARMILA CAPITAL LIMITED

COMPANY INFORMATION

Directors	Dr A M Al Humaidy A Chit C Thanassoulas
Company number	08280584
Registered office	3rd Floor 84 Brook Street London W1K 5EH
Auditor	Azets 2nd Floor Regis House 45 King William Street London EC4R 9AN

ARMILA CAPITAL LIMITED

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ARMILA CAPITAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business
Armila Capital Limited ("Armila") continued in 2020 with the gradual diversification of its business away from the provision of financial advisory services to companies owned directly or indirectly by Kuwaiti European Holdings Company K.S.C. (Kuwait) ("KEH") or companies owned directly or indirectly by Dr A Al-Humaidi, a director. However, Armila continued to advise London Resort Company Holdings Limited ("LRCH") in respect of its development of the London Entertainment Resort.

Armila has been impacted by the COVID-19 restrictions during 2020 resulting in a number of advisory mandates being deferred or cancelled. However, Armila continued to advise Bank of Piraeus in Greece throughout the period of travel restrictions.

Armila continues to work closely with third party companies in the development of their strategy in respect of corporate finance and other real estate opportunities. A new mandate from the Government of Cyprus was secured at the beginning 2021 but due to COVID-19 travel restrictions work did not commence until the second half of 2021.

Armila, under its revised business model, applied for funding from the UK Future Fund, which was successfully concluded in the fourth quarter of 2020.

Principal risks and uncertainties
The principal risk to Armila's business has been the evolving business strategy of KEH and other members of the group. Given that those relationships may not develop in the manner expected, Armila has followed other business opportunities and diversified its client base.

A further uncertainty emerged in early 2020 with the appearance of COVID-19 pandemic. This has resulted in long delays in the execution of a number of transactions, notably the ones involving Expo Bank and Bank of Chania. The restricted ability to travel has also had an impact on securing new business and mandates. Although these restrictions have been gradually eased during the second half of 2021. We expect delays in completion of existing projects and pick up in new activities.

Key performance indicators
The key performance indicators for Armila are the growth in revenues and profits generated from not only KEH and other members of the group, but also from non-group business activities.

In that context, the current employees of Armila are well equipped to assist third party companies particularly in the context of the development of property and corporate finance related business opportunities as well as in the fields of Mergers & Acquisitions.

On behalf of the board

Dr A M Al Humaidy
Director

24 March 2023

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities
The principal activity of the company continued to be that of provision of investment and intermediary advisory services.

Results and dividends
The profit for the year, after taxation, amounted to £234,929 (2019: £243,699).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr A M Al Humaidy
A Chit
C Thanassoulas

Post reporting date events
Armila acquired and incorporated several subsidiaries and associates post reporting date.

On 30 March 2022, 824,841 of shares were allotted at £0.10 nominal value per share.

Please see 'events after the reporting date' note for further information.

Future developments
The directors expect the company to continue providing corporate finance advisory services under its existing contracts with its clients.

Auditor
Azets were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Dr A M Al Humaidy
Director

24 March 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARMILA CAPITAL LIMITED

Opinion
We have audited the financial statements of Armila Capital Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2020 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.

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 identified 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 of at least twelve months from when the financial statements are authorised for issue.

We draw attention to the disclosure made in note 1.2 which outlines the directors' consideration of the going concern basis of preparation the financial statements. This policy notes the intention of the company's shareholders and related companies under common control and influence to continue to provide the company with financial support as may be required to enable it to meet its obligations as and when they fall due for at least twelve months from the date of approval of the financial statements. However, as such support is subject to sufficient liquidity being available to these parties, this along with other matters set forth in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our 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 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 our 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

As explained more fully in the directors' responsibilities statement, 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 is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Nicholas Parrett (Senior Statutory Auditor)
For and on behalf of Azets

24 March 2023

Chartered Accountants
Statutory Auditor

2nd Floor
Regis House
45 King William Street
London
EC4R 9AN

ARMILA CAPITAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	786,122	914,269
Administrative expenses		(994,778)	(1,066,316)
Other operating income	3	459,878	387,768
Operating profit	4	251,222	235,721
Interest receivable and similar income	7	50,467	-
Interest payable and similar expenses	8	(66,760)	-
Profit before taxation		234,929	235,721
Tax on profit	9	-	7,978
Profit for the financial year		234,929	243,699

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ARMILA CAPITAL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Tangible assets	**10**		69,987		86,749
Investments	**11**		100		-
			70,087		86,749
Current assets					
Debtors	**14**	11,614,205		2,003,464	
Cash at bank and in hand		5,068		3,646	
		11,619,273		2,007,110	
Creditors: amounts falling due within one year	**15**	(528,760)		(1,234,855)	
Net current assets			11,090,513		772,255
Total assets less current liabilities			11,160,600		859,004
Creditors: amounts falling due after more than one year	**16**		(10,066,667)		-
Provisions for liabilities					
Deferred tax liability	**17**	14,872		14,872	
			(14,872)		(14,872)
Net assets			1,079,061		844,132
Capital and reserves					
Called up share capital	**19**		1,302,600		1,302,600
Profit and loss reserves			(223,539)		(458,468)
Total equity			1,079,061		844,132

The financial statements were approved by the board of directors and authorised for issue on 24 March 2023 and are signed on its behalf by:

Dr A M Al Humaidy
Director

Company Registration No. 08280584

ARMILA CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2019		799,600	(702,167)	97,433
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	243,699	243,699
Issue of share capital	**19**	503,000	-	503,000
Balance at 31 December 2019		1,302,600	(458,468)	844,132
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	234,929	234,929
Balance at 31 December 2020		1,302,600	(223,539)	1,079,061

ARMILA CAPITAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash absorbed by operations	**25**		(10,048,852)		(501,062)
Interest paid			(66,760)		-
Net cash outflow from operating activities			(10,115,612)		(501,062)
Investing activities					
Purchase of tangible fixed assets		-		(375)	
Purchase of subsidiaries		(100)		-	
Interest received		50,467		-	
Net cash generated from/(used in) investing activities			50,367		(375)
Financing activities					
Proceeds from issue of shares		-		503,000	
Proceeds from borrowings		10,066,667		-	
Net cash generated from financing activities			10,066,667		503,000
Net increase in cash and cash equivalents			1,422		1,563
Cash and cash equivalents at beginning of year			3,646		2,083
Cash and cash equivalents at end of year			5,068		3,646

1 Accounting policies

Company information

Armila Capital Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, 84 Brook Street, London, W1K 5EH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the company is a going concern, the directors have considered the ability of the company to have sufficient access to working capital for twelve months from the date of approval of the financial statements in order to meet its obligations as and when they fall due.

This assessment has included the preparation of financial projections to December 2023, including an assessment of expected revenues, expenditure and the settlement of liabilities due and expected to fall due within the projection period.

The financial projections prepared by the directors indicate continued reliance on Kuwaiti European Holding Company (K.S.C.) ("KEH") and other related companies through a combination of cost recharges, advisory fees and if required, provision of financial support, particularly in the immediate future while other business development activities advance. The directors are satisfied that these related companies have the intention to provide such financial support for at least the next twelve months from the date of approval of the financial statements. A letter of support has been provided by KEH.

However, this support is not legally binding and the ability to provide such support (either through commercial, loan or equity investment arrangements) is contingent on access to readily liquid funds by KEH and the related companies, which in turn relies on conversion of receivables to cash, successful future commercial activity and further investment at the date of approval of the financial statements. On this basis, there exists a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern.

Notwithstanding this uncertainty, the directors retain a high degree of confidence in the company's prospects and if required, the provision of ongoing support from its existing shareholders and therefore continue to adopt the going concern basis of preparation for the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1 Accounting policies **(Continued)**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% on a reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies **(Continued)**

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies **(Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Advisory fees	786,122	914,269

	2020	2019
	£	£
Other operating income		
Recharged office expenses	359,878	384,229
Sundry income	-	3,539
	359,878	387,768

All turnover arose within the United Kingdom.

4 Operating profit

	2020	2019
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange differences	(411)	444
Depreciation of owned tangible fixed assets	16,762	21,593
Operating lease charges	261,572	223,019

5 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	7,600	9,600
For other services		
Taxation compliance services	1,250	1,500

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
	2	3

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	137,720	164,898
Social security costs	16,693	19,704
Pension costs	21,467	21,508
	175,880	206,110

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest receivable on loans to related parties	50,467	-

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	93	-
Interest payable on borrowings	66,667	-
	66,760	-

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	-	(7,978)

9 Taxation (Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	234,929	235,721
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	44,637	44,787
Tax effect of expenses that are not deductible in determining taxable profit	2,343	1,419
Tax effect of utilisation of tax losses	(50,165)	(50,237)
Permanent capital allowances in excess of depreciation	3,185	4,031
Deferred tax adjustments	-	(7,978)
Taxation charge/(credit) for the year	-	(7,978)

10 Tangible fixed assets

	Fixtures and fittings
	£
Cost	
At 1 January 2020 and 31 December 2020	238,006
Depreciation and impairment	
At 1 January 2020	151,257
Depreciation charged in the year	16,762
At 31 December 2020	168,019
Carrying amount	
At 31 December 2020	69,987
At 31 December 2019	86,749

11 Fixed asset investments

	Notes	2020	2019
		£	£
Investments in subsidiaries	12	100	-

11 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2020	-
Additions	100
At 31 December 2020	100
Carrying amount	
At 31 December 2020	100
At 31 December 2019	-

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Armila Credit Limited	The Smiths Building, 179 Great Portland Street, London, England, W1W 5PL	Dormant	Ordinary	100.00

13 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	5,085,094	1,442,806
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	(502,535)	(1,180,302)

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade and other creditors, other taxation and social security and amounts owed to group undertakings.

14 Debtors

	2020	2019
Amounts falling due within one year:	**£**	**£**
Trade debtors	17,854	31,060
Other debtors	6,511,240	1,417,615
Prepayments and accrued income	429,111	554,789
	6,958,205	2,003,464

	2020	2019
Amounts falling due after more than one year:	**£**	**£**
Other debtors	4,656,000	-
Total debtors	11,614,205	2,003,464

Other debtors due within one year includes £6,440,463 (2019: £1,269,256) owed from related party companies. These amounts were unsecured, interest free and repayable on demand.

Prepayments and accrued income includes £350,467 (2019: £450,000) owed from related party companies.

Other debtors due after more than one year includes £4,656,000 (2019: £nil) owed from related party companies.

15 Creditors: amounts falling due within one year

	2020	2019
	£	**£**
Trade creditors	122,254	121,577
Taxation and social security	262,330	72,275
Other creditors	117,951	986,453
Accruals and deferred income	26,225	54,550
	528,760	1,234,855

Other creditors due within one year includes £50,598 (2019: £818,484) owed to related party companies. These amounts were unsecured, interest free and repayable on demand.

16 Creditors: amounts falling due after more than one year

		2020	2019
	Notes	**£**	**£**
Other borrowings		10,066,667	-

16 Creditors: amounts falling due after more than one year **(Continued)**

Other borrowings due after more than one year relates to Future Funds. In December 2020, the company raised a total of £10m in new funding - £5m was received from related parties and external investors, which was matched by the UK Government backed Future Fund. Interest of £66,667 has been accrued, and payments of £nil were made during the year resulting in a balance of £10,066,667 at the year end.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020	Liabilities 2019
Balances:	**£**	**£**
Accelerated capital allowances	14,872	14,872

There were no deferred tax movements in the year.

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

18 Retirement benefit schemes

	2020	2019
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	21,467	21,508

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2020	2019	2020	2019
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of 10p each	13,026,000	13,026,000	1,302,600	1,302,600

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	139,117	117,855
Between two and five years	1,312	-
	140,429	117,855

21 Events after the reporting date

Acquisition and incorporation of new subsidiaries and associates

In July 2021 the company incorporated a new wholly-owned subsidiary, Theme Holdings Limited, with £1 ordinary shares subscribed to at nominal value. On 1 September 2021, Sierra Investments Ltd, a company under common control, transferred its shares in LRCH Hotel 1 Limited and LRCH Hotel 2 Limited to Theme Holdings Limited.

In November 2021 the company incorporated two new wholly-owned subsidiaries, Leisure Investment SPV1 Ltd and Leisure Investment SPV2 Ltd, each with £1 ordinary shares subscribed to at nominal value.

In December 2021 the company acquired a 33.05% shareholding in Retail Holdings (India) B.V., a private company with limited liability, incorporated and registered under the laws of the Netherlands and registered with the trade registry of the Dutch Chamber of Commerce.

In March 2022 the company incorporated a new wholly-owned subsidiary, Armila EMEA Real Estate Ltd, with £100 ordinary shares subscribed to at nominal value.

Allotment of shares

On 30 March 2022, 824,841 of shares were allotted at £0.10 nominal value per share.

22 Related party transactions

22 Related party transactions **(Continued)**

London Resort Company Holdings Limited, a company under common control, owed the company the following amounts: £5,318,101 (2019: £546,686) included in debtors due within one year, £320,000 (2019: £450,000) included in accrued income due within one year and £1m (2019: £nil) included in debtors due than after one year. During the year, office costs and professional fees of £809,878 (2019: £438,221) were recharged to London Resort Company Holdings Limited.

Ebbsfleet United Football Club Limited, a company under common control, owed the company £78,532 (2019: £706,778) included in debtors due within one year.

Kuwaiti European Holding Company K.S.C. (Kuwait), a shareholder, owed the company £1,043,830 (2019: £818,485 included in creditors due within one year) included in debtors due within one year.

During the year the company provided a loan to Landmarque Property Group Ltd, a company incorporated in Ireland under common control. £2,600,000 (2019: £nil) was outstanding at the year end which was included in debtors due after more than one year and the interest of £21,667 (2019: £nil) included in accrued income due within one year.

The company owed LRCH Hotel 1 Ltd, a company under common control, £50,598 (2019: £15,791 included in debtors due within one year) included in creditors due within one year. During the year the company provided a loan to LRCH Hotel 1 Ltd. £1,056,000 (2019: £nil) was outstanding at the year end which was included in debtors due after more than one year and the interest of £8,800 was included in accrued income due within one year. During the year, advisory fees of £100,000 (2019: £nil) were recharged to LRCH Hotel 1 Ltd.

The company owed KEHC (UK) Limited, a company under common control, £5,033,333 (2019: £nil) in relation to the matched UK Government backed Future Fund which was included in creditors due after more than one year.

In the opinion of the directors there are no additional key management personnel other than the board of directors. The total compensation paid to key management personnel for services provided to the company was £121,605 (2019: £137,718).

23 Ultimate controlling party

The company is considered to have no ultimate controlling party.

24 Analysis of changes in net funds/(debt)

	1 January 2020	Cash flows	31 December 2020
	£	£	£
Cash at bank and in hand	3,646	1,422	5,068
Borrowings excluding overdrafts	-	(10,066,667)	(10,066,667)
	3,646	(10,065,245)	(10,061,599)

25 Cash absorbed by operations

	2020	2019
	£	£
Profit for the year after tax	234,929	243,699
Adjustments for:		
Taxation charged/(credited)	-	(7,978)
Finance costs	66,760	-
Investment income	(50,467)	-
Depreciation and impairment of tangible fixed assets	16,762	21,593
Movements in working capital:		
Increase in debtors	(9,610,741)	(1,392,139)
(Decrease)/increase in creditors	(706,095)	633,763
Cash absorbed by operations	(10,048,852)	(501,062)