Knight Dragon Strategic Investments Limited

Directors' report and financial statements

Registered number 10407981

For the year ended 31 March 2021

Contents

Directors' report

The directors present the directors' report and financial statements for the year ended 31 March 2021.

Principal activities

Knight Dragon Strategic Investments Limited ("the Company") is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Level 9, 6 Mitre Passage, Greenwich Peninsula, London SE10 0ER.

The principal activity is the investment in property interests on Greenwich Peninsula.

Business review & future developments

During the year, the Company continued to own and let 19 residential properties at Greenwich Peninsula, London. The Covid-19 pandemic had an impact on the recoverability of rent from a tenant who leased 13 of the Company's Investment Properties. Towards the end of the financial year, the parties agreed to terminate the tenancies with the Company taking control of the underleases that the tenant had granted to 3rd parties.

Over the course of the next 12 months, the Company will continue to carry out its principal business activity of letting residential property and will review opportunities to acquire or dispose of properties as and when those opportunities arise.

Going Concern

The directors believe that it is appropriate to prepare the financial statements on a going concern basis for the reasons set out in note 1 in the accounting policies.

Covid-19

Covid-19 continues to be a situation of concern and continues to adversely impact global commercial activities. However, the progress that has been made to combat the pandemic, in particular the global vaccination rollout, will hopefully enable more typical market conditions to return.

The directors continue to monitor developments relating to Covid-19 and will continue to adjust the Company's operational response in line with existing business continuity plans and on guidance from global health organisations, government bodies and general pandemic response best practices.

Financial risk management objectives and policies

The principal financial risks facing the company are market risk relating to interest on variable rate borrowings, liquidity risk and credit risk.

The directors currently consider interest rate risk to be small and therefore do not actively manage this risk but keep this under review and will respond if and when market conditions change.

The main objective towards liquidity risk is to manage the Company's working capital requirements by ensuring that there is sufficient working capital to meet the Company's commitments as they fall due. This is primarily managed by the Company's immediate parent acting as the Group's treasurer in order to manage cashflow requirements on a group-wide basis.

Credit risk represents the risk that a counterparty will not complete its obligations under a financial instrument resulting in a financial loss to the Company. This risk is primarily managed by conducting a review of the counterparty's financial covenant strength prior to entering into a new, or extending an existing, tenancy agreement. In addition, the nature of the lease agreement gives the Company certain protections and remedies in case of non-payment of rent, which is generally payable monthly in advance.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows:

J Rann
R Margree

Neither of the directors who held office at the end of the financial year had any disclosable interest in group undertakings as recorded in the register of directors' interests. No other directors served during the year.

Directors' indemnities

The Company's immediate parent maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors in relation to certain losses and liabilities which the directors may incur to third parties in the course of acting as directors or employees of the Company or of any associated company.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and will therefore continue in office.

Small Company Provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Directors' report *(continued)*

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board

R Margree
Director

Level 9, 6 Mitre Passage
Greenwich Peninsula
London
SE10 0ER

13 August 2021

Independent auditor's report to the members of Knight Dragon Strategic Investments Limited

Opinion

We have audited the financial statements of Knight Dragon Strategic Investments Limited ("the company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent auditor's report to the members of Knight Dragon Strategic Investments Limited *(continued)*

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of investment property. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue relates to rental income from operating leases with fixed, or highly predictable, periodic payments.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance.

Independent auditor's report to the members of Knight Dragon Strategic Investments Limited *(continued)*

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 2-3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Knight Dragon Strategic Investments Limited *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

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.

Craig Steven-Jennings (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
13 August 2021

Statement of comprehensive income
for the year ended 31 March 2021

	Note	**2021**	2020
		£	£
Revenue	*2*	**672,040**	352,553
Cost of sales		**(128,239)**	(179,565)
Gross profit		**543,801**	172,988
Changes in fair value of investment properties	*5, 10*	**(145,000)**	(912,317)
Administrative expenses		**(159,565)**	(163,151)
Operating profit/(loss) before tax		**239,236**	(902,480)
Finance costs	*7*	**(396,726)**	(347,514)
Loss before tax		**(157,490)**	(1,249,994)
Taxation	*8*	**27,550**	163,602
Total comprehensive loss for the year		**(129,940)**	(1,086,392)

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

Notes on pages 11 to 19 form part of the financial statements

Statement of Financial Position
at 31 March 2021

	Note	**2021**	2020
		£	£
Non-current assets			
Investment properties	*10*	**20,790,000**	20,935,000
Property, plant and equipment	*11*	**200,573**	269,688
Deferred tax assets	*9*	**200,890**	173,340
Total non-current assets		**21,191,463**	21,378,028
Current assets			
Trade and other receivables	*12*	**52,002**	13,441
Cash at bank and in hand		**144,613**	85,447
Total current assets		**196,615**	98,888
Total assets		**21,388,078**	21,476,916
Current liabilities			
Trade and other payables	*13*	**(59,539)**	(60,584)
Interest-bearing loans and borrowings	*14*	**(11,072,720)**	-
Total current liabilities		**(11,132,259)**	(60,584)
Non-current liabilities			
Interest-bearing loans and borrowings	*14*	**(7,716,000)**	(18,746,573)
Total non-current liabilities		**(7,716,000)**	(18,746,573)
Total liabilities		**(18,848,259)**	(18,807,157)
Net assets		**2,539,819**	2,669,759
Equity			
Share capital	*15*	**3,997,707**	3,997,707
Retained deficit		**(1,457,888)**	(1,327,948)
Total equity		**2,539,819**	2,669,759

These financial statements were approved by the board of directors on 13 August 2021 and were signed on its behalf by:

J Rann
Director
Registered number 10407981

Notes on pages 11 to 19 form part of the financial statements

Statement of changes in equity

for the year ended 31 March 2021

	Share capital	Retained deficit	Total equity
	£	£	£
Balance at 1 April 2020	3,997,707	(1,327,948)	2,669,759
Total comprehensive loss			
Loss for the year	-	(129,940)	(129,940)
Balance at 31 March 2021	**3,997,707**	**(1,457,888)**	**2,539,819**

	Share capital	Retained deficit	Total equity
	£	£	£
Balance at 1 April 2019	3,997,707	(241,556)	3,756,151
Total comprehensive loss			
Loss for the year	-	(1,086,392)	(1,086,392)
Balance at 31 March 2020	**3,997,707**	**(1,327,948)**	**2,669,759**

Notes on pages 11 to 19 form part of the financial statements

Notes to the financial statements

1. Accounting policies

Knight Dragon Strategic Investments Limited ("the Company") is a private company limited by shares incorporated, domiciled and registered in England and Wales in the UK.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's immediate parent undertaking, Knight Dragon Investments Limited ("KDIL") includes the Company in its consolidated financial statements. The consolidated financial statements of KDIL are prepared in accordance with International Accounting Standards and are available to the public and may be obtained from Level 9, 6 Mitre Passage, Greenwich Peninsula, London SE10 0ER.

These financial statements are presented in GBP Sterling, which is the currency of the primary economic environment in which the Company operates.

FRS101 Disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of cash flows and related notes;
- Certain disclosures regarding revenue;
- Disclosures in respect of transactions with other wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Comparative period reconciliations for property, plant & equipment.

As the consolidated financial statements of the immediate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

Notes to the financial statements *(continued)*

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons.

The Company has net current liabilities of £10,935,644 at 31 March 2021 (2020: £38,304 net current assets) including a shareholder loan of £6,332,720 which is repayable on demand and bank loans of £4,740,000 which are repayable within 12 months. The Company also made a loss of £129,940 during the year (2020: £1,086,392). The Company is dependent for its working capital on funds provided by its immediate parent company, KDIL. KDIL has indicated its intention to provide necessary funding for the continuing operations of the Company. KDIL has prepared cash flow forecasts for the 18 months ending 30 September 2022 which indicate that, based on current forecasts, the group headed by KDIL ("the Group") is dependent for its working capital on funds provided by the KDIL's immediate parent company Knight Dragon Limited. Knight Dragon Limited has indicated its intention not to seek repayment of the amounts due until the Group is in a position to do so and, should the need arise, to provide necessary funding for the continuing operations of the Group. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities when they fall due for payment.

When assessing the ability of the Group to operate as a going concern, the directors of KDIL have applied additional caution to assumptions of the key inputs of the cash flow forecasts and have reviewed sensitivities around possible 'severe but plausible downside' scenarios.

Covid-19 continues to be a situation of concern and continues to adversely impact global commercial activities. However, the progress that has been made to combat the pandemic, in particular the global vaccination rollout, will hopefully enable more typical market conditions to return.

As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of the approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant judgements, estimates and assumptions

The preparation of financial statements under international accounting standards requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements that are not readily apparent from other sources. However, the 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 year in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The valuation of investment properties constitutes the main area of judgement exercised by the directors in respect of the results. They are stated at fair value. In assessing this the directors, together with senior members to staff, have valued the property using the direct comparison method primarily utilising recent sales data from other group companies who have sold properties in a similar location and condition.

Revenue

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. All revenue is generated in the United Kingdom.

Cost of sales

Costs of sales are costs relating to services rendered during the reporting period and are expensed as incurred.

Notes to the financial statements *(continued)*

Investment properties

Investment properties include those units that are held for long-term rental yields and capital appreciation. Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually based on current market values for similar sized properties on Greenwich Peninsula.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Depreciation is charged to the statement of comprehensive income on a straight line basis over three years for Fit Out Assets and over five years for Furniture and Fittings.

Financial instruments

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets
Financial assets consist of trade and other receivables which are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Appropriate estimates for estimated irrecoverable amounts are recognised in the consolidated statement of comprehensive income when there is objective evidence that the asset is impaired.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the contractual rights to the cashflows are transferred to a third party.

Financial liabilities
Financial liabilities consist of trade and other payables and interest-bearing loans which are initially measured at fair value and subsequently measured at amortised cost.

Financial liabilities are derecognised when the obligations specified in the contract are discharged, cancelled or expire.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits and the costs can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As lessor
At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

Notes to the financial statements *(continued)*

Taxation

Tax on the result for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

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

2. Revenue

All revenue recognised during the year and prior year related to income receivable under operating leases of residential property. All revenue was generated in the UK.

3. Remuneration of directors

The directors did not receive any remuneration from the Company for their services during the year (2020: £nil).

4. Staff numbers and costs

The Company did not directly employ any staff including directors during the year (2020: none).

5. Operating loss

Operating loss for the year is stated after charging:

	2021	2020
	£	£
Fair value losses on investment properties	**145,000**	912,317
Depreciation of property, plant & equipment	**69,115**	61,929
Direct operating expenses of investment property which generated rental income	**128,239**	179,565

6. Expenses and auditor's remuneration

	2021	2020
	£	£
Fee payable to the Company auditor for the audit of the financial statements	**7,065**	2,810

There were no non-audit services from the auditor (2020: none).

Notes to the financial statements *(continued)*

7. Finance costs

	2021	2020
	£	£
Interest payable on shareholder loans	**42,147**	178,013
Interest payable on third party loans	**354,579**	169,501
	396,726	347,514

8. Taxation

Recognised in the statement of comprehensive income:

	2021	2020
	£	£
Deferred tax adjustment	**27,550**	163,602
Total deferred taxation	**27,550**	163,602
Total taxation	**27,550**	163,602

Reconciliation of effective tax rate:

	2021	2020
	£	£
Loss before tax	**(157,490)**	(1,249,994)
Tax using the effective corporation tax rate of 19% (2020: 19%)	**29,923**	237,499
Other tax adjustments	**(13,132)**	(9,015)
Non-tax deductible finance costs	**-**	(66,028)
Group relief	**10,759**	-
Change in tax rate	**-**	1,146
Total tax in the statement of comprehensive income	**27,550**	163,602

9. Deferred tax assets

Recognised deferred tax assets

Deferred tax liabilities are attributable to the following:

	2021	2020
	£	£
Fair value of investment properties	**200,890**	173,340
Recognised deferred tax assets	**200,890**	173,340

Notes to the financial statements *(continued)*

Movement in deferred tax during the year:

	1 April 2020 £	Recognised in statement of comprehensive income £	31 March 2021 £
Fair value of investment properties	173,340	27,550	**200,890**
	173,340	**27,550**	**200,890**

	1 April 2019 £	Recognised in statement of comprehensive income £	31 March 2020 £
Fair value of investment properties	-	173,340	**173,340**
Tax value of losses carried forward	9,738	(9,738)	-
	9,738	**163,602**	**173,340**

A deferred tax asset has been recognised on the difference between the tax base and the accounting value of investment properties. The deferred tax asset has been recognised as the Company expects to realise this in future periods when the properties are sold which, at the current fair value, would result in a taxable loss which can be offset against taxable trading profits in the year of disposal or in subsequent years.

10. Investment properties

Investment properties relate to 19 residential apartments on Greenwich Peninsula which are held primarily for long term capital appreciation.

	2021 £	2020 £
Cost		
At 1 April	**21,847,317**	8,987,315
Additions	-	12,860,002
At 31 March	**21,847,317**	21,847,317
Fair value adjustments		
At 1 April	**(912,317)**	-
Fair value changes	**(145,000)**	(912,317)
At 31 March	**(1,057,317)**	(912,317)
Carrying value		
At 1 April	**20,935,000**	8,987,315
Movement in the year	**(145,000)**	11,947,685
At 31 March	**20,790,000**	20,935,000

At 31 March 2021, the directors have valued the properties using the direct comparison method based on comparable evidence of properties which have been sold to third parties nearby by fellow group companies, adjusted for differences between the properties such as physical condition.

Notes to the financial statements *(continued)*

The valuations exercise is an extensive process which includes the use of historical experience, estimates and judgements. The directors are satisfied that the valuation is a reasonable representation of property values in the circumstances known and evidence available at the reporting date. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis with revisions recognised in the period in which the estimates are revised and in any future periods affected.

The carrying value of all investment properties are pledged as security against third party borrowings described in note 14.

11. Property, plant and equipment

	Furniture and Fittings £	Fit Out Costs £	Total £
Cost			
At 1 April	196,511	227,295	**423,806**
Additions	-	-	-
At 31 March	**196,511**	**227,295**	**423,806**
Accumulated depreciation			
At 1 April	(70,416)	(83,702)	**(154,118)**
Charge for the year	(29,408)	(39,707)	**(69,115)**
At 31 March	**(99,824)**	**(123,409)**	**(223,233)**
Net book value			
At 1 April	126,095	143,593	**269,688**
Movement in the year	(29,408)	(39,707)	**(69,115)**
At 31 March	**96,687**	**103,886**	**200,573**

12. Trade and other receivables

	2021 £	2020 £
Other receivables	**52,002**	6,141
Accrued income	**-**	7,300
	52,002	13,441

The fair value of trade and other receivables approximates to the book value.

13. Trade and other payables

	2021 £	2020 £
Accruals	**54,689**	31,624
Deferred income	**4,850**	28,960
	59,539	60,584

The fair value of trade and other payables approximates to the book value.

Notes to the financial statements *(continued)*

14. Interest-bearing loans and borrowings

	2021	2020
	£	£
Current liabilities		
Third party loans	4,740,000	-
Loan from shareholder	6,332,720	-
	11,072,720	-
Non-current liabilities		
Third party loans	7,716,000	12,456,000
Loan from shareholder	-	6,290,573
	7,716,000	18,746,573
	18,788,720	18,746,573

The directors of the Company consider the shareholder loan to be repayable in less than 12 months because it is repayable on demand and the Company does not have an unconditional right to defer settlement beyond 12 months. The Company has received confirmation from the shareholder that it is not currently their intention to recall the loan until such time that the Company is in a financial position to be able to repay the loan. The directors of the Company believe the most likely period of repayment of the shareholder loan is more than five years. Interest is currently charged at 0.67% per annum (2020: Libor + 5%) and the loan is unsecured.

Third party loans classified as current liabilities are due for repayment on 4 November 2021, although the directors expect to refinance these loans on or before the repayment date. The third-party loans classified as non-current liabilities are due for repayment on 3 February 2023, subject to a 2-year extension to be granted at the bank's discretion. The loans carry variable interest rates of Libor + 2.5% and Libor + 2.25%.

15. Share capital

	2021	2020
Allotted, called up and fully paid	£	£
3,997,707 Ordinary shares of £1 each	3,997,707	3,997,707

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. There are no associated rights or preferences relating to the shares.

16. Leases

The Company is the lessor of the properties classified as investment properties (note 10). The leases are assured shorthold tenancy agreements or common law tenancy agreements and vary in length between one and three years.

All leases have been classified as operating leases as the Company retains substantially all of the risks and rewards of ownership of the underlying asset at the end of the lease term.

During the year, £672,040 (2020: £352,553) was recognised as rental income by the Company.

Notes to the financial statements *(continued)*

The following table sets out a maturity analysis of lease payments to be received, showing the undiscounted lease payments to be received after the reporting date:

	2021	2020
	£	£
Less than one year	**505,900**	670,900
Between one and two years	**6,850**	484,200
Between two and three years	-	316,950
Between three and four years	-	-
Between four and five years	-	-
More than five years	-	-
	512,750	1,472,050

17. Subsequent events

In connection with the preparation of the accompanying financial statements as at 31 March 2021, management has evaluated the impact of all subsequent events on the Company through to 13 August 2021, the date the financial statements were available to be issued, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

18. Parent undertaking of larger group of which the Company is a member

The Company's immediate parent company is KDIL, a company registered in England & Wales whose registered office is Level 9, 6 Mitre Passage, Greenwich Peninsula, London SE10 0ER. The results of the Company are consolidated in the group headed by KDIL. The consolidated financial statements of this group may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff.

The Company's results are also included within the consolidated financial statements of Chow Tai Fook Enterprises Limited (incorporated and registered in Hong Kong), which is the largest group which prepares consolidated accounts within which the Company is a member. The registered office of Chow Tai Fook Enterprises Limited is 38/F New World Tower, 16-18 Queens Road Central, Hong Kong.

The ultimate parent undertakings and controlling parties are Cheng Yu Tung Family (Holdings) Limited (incorporated and registered in the British Virgin Islands) and Cheng Yu Tung Family (Holdings II) Limited (incorporated and registered in the British Virgin Islands). The registered office address of both companies is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands.