

**ARTMAX 86/88 MARKET STREET LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
COMPANY REGISTRATION NO. 11371237**



ARTMAX 86/88 MARKET STREET LIMITED

Content	Page(s)
Directors, Advisors and Other Information	1
Report of the Directors	2 - 3
Report of Independent Auditors	4 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 21

ARTMAX 86/88 MARKET STREET LIMITED
DIRECTORS, ADVISORS AND OTHER INFORMATION

Directors

During the year and up to the date of signing of the financial statements, the Directors were as follows:

Kristoffer Erik Andreas Ullenius (resigned 7th July 2022)
Carmen Wong
Ming Wai Lau

Independent Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Registered Office
100 New Bridge Street
London
EC4V 6JA

Company No.
11371237

**ARTMAX 86/88 MARKET STREET LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Report of the Directors

The Directors of Artmax 86/88 Market Street Limited (the "Company") present their annual report and the audited financial statements (the "financial statements") for the year ended 31 December 2021.

Background

The Company was incorporated in United Kingdom on 18 May 2018 and commenced activities on 18 May 2018. The Company is a closed ended no fixed life investment company and is registered under the provisions of United Kingdom Company Law.

Principal activities

The principal activities of the Company is property investment with the objective of providing ordinary shareholders with an attractive level of income along with the prospect of income and capital growth from investing in a diversified UK commercial property portfolio.

Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 8. The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2021 (2020: £Nil).

Directors

The following persons were Directors of the Company during the year and up to the date of this report:

Kristoffer Erik Andreas Ultenius (resigned 7th July 2022)

Carmen Wong

Ming Wai Lau

Directors' interests

Ming Wai Lau is the counterparty to the loans payable by the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing financial statements for the year which give a true and fair view, in accordance with applicable United Kingdom Law and International Financial Reporting Standards, of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to:

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

The Directors have complied with the above requirements throughout the year and subsequently.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with United Kingdom Company Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud error and non compliance with law and regulations.

Going concern

The Directors have received written confirmation of financial support, from the ultimate parent undertaking, for a period of 12 months from the date of approval of these financial statements.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and exposures to risks and uncertainties. The Company has access to the considerable financial resources of its ultimate parent.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the forecasted period to 30 September 2023 and concluded there are no material uncertainties. Accordingly, they continue to adopt the Going Concern basis in preparing these financial statements.

Further details are included in note 3b.

**ARTMAX 86/88 MARKET STREET LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

COVID-19

The impact of the global spread of Covid-19 continues to evolve and requires continued assessment as the pandemic plays out. The Company has considered the impact of Covid-19 and other market volatility in preparing its financial statements.

While the specific areas of judgement did not change, the impact of COVID-19 resulted in the application of further judgement within those identified areas. Given the dynamic and evolving nature of COVID-19 and limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Company's assets and liabilities may arise in the future.

The Directors has reviewed the current political situation between Russia and Ukraine, which requires continued assessment as it evolves. The Company has no affiliations with any person or company on the sanctioned entity list as at the date of signing these financial statements, and the Directors does not anticipate the Company's principal activities to be impacted in the foreseeable future.

As a consequence of COVID-19 and in preparing these financial statements, the Directors have:

- re-evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed;
- reviewed external market communications to identify other COVID-19 related impacts;
- reviewed public forecasts and experience from previous downturns;
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes;
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19; and
- considered the impact of COVID-19 on the Company's financial statement disclosures.

The Directors have concluded that there were no material matters that needed to be disclosed as a result of COVID-19.

Disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information of which the Company auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors have confirmed that they have complied with the above requirements throughout the year and subsequently.

Independent auditors

The independent auditors, BDO LLP, have indicated their willingness to accept appointment and a resolution proposing that they be re-appointed will be put forward at the Annual General Meeting.

Qualifying third party indemnity provisions

The Company made no qualifying third party indemnity provisions for the benefit of the Directors during the year ended 31 December 2021 (2020: £Nil).

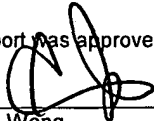
Political contributions

The Company made no political contributions during the year ended 31 December 2021 (2020: £Nil).

Small companies' note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by 415A of the Companies Act 2006.

This report was approved by the Board of Directors on 29 September 2022 and signed on its behalf by:



Carmen Wong
Director
Date: 29 September 2022

**ARTMAX 86/88 MARKET STREET LIMITED
REPORT OF INDEPENDENT AUDITORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ARTMAX 86/88 MARKET STREET LIMITED

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Artmax 86/88 Market Street Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirement 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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.

**ARTMAX 86/88 MARKET STREET LIMITED
REPORT OF INDEPENDENT AUDITORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ARTMAX 86/88 MARKET STREET LIMITED (continued)

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the industry in which it operates and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.
- We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.

ARTMAX 86/88 MARKET STREET LIMITED
REPORT OF INDEPENDENT AUDITORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ARTMAX 86/88 MARKET STREET LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

• Our tests included: agreeing the financial statement disclosures to underlying supporting documentation, where relevant reviewing Board meeting minutes, enquiries with management as to the risks of non-compliance and any instances thereof. Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment property. Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement.

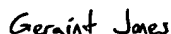
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



BFDD86955DB642A...

Geraint Jones (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

United Kingdom

29 September 2022

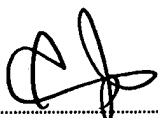
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ARTMAX 86/88 MARKET STREET LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
ASSETS			
Non-current assets			
Investment properties	7	7,580,000	11,199,842
		<u>7,580,000</u>	<u>11,199,842</u>
Current assets			
Trade and other receivables	8	155,366	209,740
Cash and cash equivalents	9	354,290	2,422,803
		<u>509,656</u>	<u>2,632,543</u>
Total assets		<u>8,089,656</u>	<u>13,832,385</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Issued capital	12	1	1
Retained earnings		625,560	572,856
Non distributable reserves		(6,316,844)	(1,392,333)
Total equity		<u>(5,691,283)</u>	<u>(819,476)</u>
LIABILITIES			
Non-current liabilities			
Intercompany loan payables	10	4,132,365	4,620,844
Deferred tax liability	5	25,818	19,950
		<u>4,158,183</u>	<u>4,640,794</u>
Current liabilities			
Intercompany loan payables	10	9,354,885	9,750,000
Interest payable on intercompany loan	10	11,420	11,645
Deferred income		119,687	118,615
Current tax liabilities	5	35,816	16,649
Trade and other payables	11	100,948	114,157
		<u>9,622,756</u>	<u>10,011,067</u>
Total liabilities		<u>13,780,939</u>	<u>14,651,861</u>
Total equity and liabilities		<u>8,089,656</u>	<u>13,832,385</u>

These financial statements have been prepared with the provisions applicable to companies subject to the small companies regime within part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board of directors on 29 September 2022 and were signed on its behalf by:



.....
Carmen Wong
Director
Date: 29 September 2022
Company registration no.11371237

ARTMAX 86/88 MARKET STREET LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Income			
Rental income		500,000	500,000
Service charge income		3,383	(8,535)
Insurance income		3,292	4,292
Other income		-	45,845
Total income		506,675	541,602
Expenses			
Property expenses		35,456	73,058
Administration fees		11,800	12,450
Audit fees	19	5,234	4,531
Professional fees		54,687	53,825
Irrecoverable VAT written off		86,042	51,310
Bad debts written off		128,683	-
Unrealised loss on fair value of investment property	7	4,924,511	-
Late payment interest		-	523
Total expenses		5,246,413	195,697
Finance costs - net			
Bank interest received		(117)	(1,912)
Loan interest expense		73,040	91,395
Amortisation of financing fees		16,407	16,452
Bank charges		688	500
Exchange losses		367	1,113
Total finance costs		90,385	107,549
(Loss) / profit before tax		(4,830,123)	238,356
Income tax expense	5	(41,684)	(49,092)
(Loss) / profit for the year attributable to equity holders of the company		(4,871,807)	189,264

All items dealt with in arriving at the (loss) / profit for the year attributable to equity holders of the Company relate to continuing operations.

There are no items related to other comprehensive income.

ARTMAX 86/88 MARKET STREET LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Issued capital	Non distributable reserves	Retained earnings	Total
	£	£	£	£
Balance at 01 January 2021	1	(1,392,333)	572,856	(819,476)
Loss for the year attributable to equity holders of the company	-	-	(4,871,807)	(4,871,807)
Reserves movement		(4,924,511)	4,924,511	-
Total comprehensive (loss) / income for the year ended 31 December 2021	-	(4,924,511)	52,704	(4,871,807)
Balance at 31 December 2021	1	(6,316,844)	625,560	(5,691,283)

	Issued capital	Non distributable reserves	Retained earnings	Total
	£	£	£	£
Balance at 01 January 2020	1	(1,392,333)	383,592	(1,008,740)
Profit for the year attributable to equity holders of the company	-	-	189,264	189,264
Total comprehensive income for the year ended 31 December 2020	-	-	189,264	189,264
Transactions with owners				
Issue of ordinary share capital	-	-	-	-
Balance at 31 December 2020	1	(1,392,333)	572,856	(819,476)

ARTMAX 86/88 MARKET STREET LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Cash flows from operating activities	14	226,072	486,416
Income taxes paid	5	(16,649)	(75,317)
Net cash generated from operating activities		<u>209,423</u>	<u>411,099</u>
Cash flows from investing activities			
Capital expenditure on investment property	7	(1,304,669)	(598,969)
Net cash used in investing activities		<u>(1,304,669)</u>	<u>(598,969)</u>
Cash flows from financing activities			
Repayment of shareholder loan, (net)	10	(900,001)	-
Interest paid on intercompany loan	10	(73,266)	(98,455)
Net cash used in financing activities		<u>(973,267)</u>	<u>(98,455)</u>
Net decrease in cash and cash equivalents		<u>(2,068,513)</u>	<u>(286,325)</u>
Cash and cash equivalents at the beginning of the year		2,422,803	2,709,128
Cash and cash equivalents at end of year	9	<u><u>354,290</u></u>	<u><u>2,422,803</u></u>

**ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Artmax 86/88 Market Street Limited (the 'Company') carries out the business of property investment through a portfolio of freehold and leasehold investment properties located in the United Kingdom. The Company is a limited liability company whose principal place of business is at 100 New Bridge Street, London, United Kingdom, EC4V 6JA and was incorporated and domiciled in United Kingdom. These audited financial statements have been approved for issue by the Board of Directors on 29 September 2022.

2. Statement of compliance

The financial statements of the Company have been prepared in compliance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union applicable to companies reporting under IFRS and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, except for investment property which is measured at fair value.

Critical accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 6.

(b) Going concern

The Directors have considered the financial position of the Company in preparing these financial statements and note that it has current net liabilities of £9,113,100 at 31 December 2021 (2020: £7,378,524).

The Directors have obtained confirmation that the £8,849,999 shareholder loan (2020: £9,750,000) will not be called in unless the Company is in a position to do so for 12 months from the date of approval of the financial statements. The Directors have therefore concluded that there is a reasonable expectation that the Company will have adequate resources to meet its liabilities as they fall due and continue in operational existence for the forecasted period to 30 September 2023, being at least twelve months from the date of this report. The financial statements have therefore been prepared on a going concern basis.

(c) New accounting standards and interpretations

(i) New standards and interpretations adopted by the Company

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021, as set out below:

Change in Standard or Interpretation

COVID-19-Related Rent Concessions – amendments to IFRS 16.

Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments noted above do not have a significant impact on the Company's Financial Statements.

(ii) New standards and interpretations not yet adopted

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective as they are not considered to have a material impact on the Company's Financial Statements.

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Summary of significant accounting policies (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Pound Sterling ("£"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(e) Financial Instruments

(i) Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- those to be measured subsequently at fair value; and
- those to be measured at amortised cost.

Financial Assets	Classification / Measurement
Trade and other receivables	Amortised cost
Cash and cash equivalents	Amortised cost
Financial Liabilities	Classification / Measurement
Borrowings	Amortised cost
Trade and other payables	Amortised cost

The classification depends on the Company's business model for managing the financial instruments and the contractual terms of the cash flows.

Assets measured at fair value are Financial Assets at Fair Value through Profit or Loss (FVPL) and Financial Assets at Fair Value through Other Comprehensive Income (FVOCI), gains and losses of which will be recorded in profit or loss or OCI respectively. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The entity reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

(iii) Subsequent measurement of financial assets

Debt instruments.

Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the entity classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the Statement of Comprehensive Income.

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(iii) Subsequent measurement of financial assets (continued)

•FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the Statement of Comprehensive Income.

•FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the entity's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the entity's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the Statement of Comprehensive Income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(f) Revenue recognition

Revenue is recognised as follows:

(i) Property disposals

Where revenue is obtained by the sale of properties, it is recognised when the significant risks and returns have been transferred to the buyer. This will normally take place on exchange of contracts unless there are significant conditions attached. For conditional exchange, sales are recognised when these conditions are satisfied.

(ii) Rental income

The Company's rental revenue is generated through operating leases, which provide tenants a right to use the underlying asset and require the Company to provide common area maintenance and other services. The Company exercises judgement in determining which of its revenue streams that arise from lease agreements are in the scope of IFRS 15 and which are not. Specifically, the Company considers whether a revenue stream related to a lease agreement is for the lease of an asset ("lease component") or is for the provision of a distinct service ("non-lease component").

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

(ii) Rental income (continued)

Base rents and recoveries for insurance and operating costs that are not incurred in connection with tenant services are allocated to the lease component and accounted for pursuant to IAS 17, Leases, while recoveries for operating costs incurred in connection with tenant services, such as common area maintenance recoveries and other administrative recoveries, are considered to be non-lease components and accounted for within the scope of IFRS 15.

Revenue from base rents is recognised on a straight-line basis over the lease term and is net of amortisation of lease incentives provided to tenants. Lease incentives are accounted for in accordance with SIC Interpretation 15 'Operating Leases - Incentives' ("SIC 15") over the lease term as an adjustment to rental income.

Recoveries of operating costs for lease components are recognised in the year in which the related operating costs are incurred and recoverable under the lease agreement.

Revenue from services rendered to tenants are recognised as the performance obligations are satisfied over time as they are provided during the period of occupancy and only to the extent that it is highly probable that a significant amount of the cumulative revenue recognised for a contract will not be reversed. Surrender premiums received by the Company following the break of a lease are recognised as rental income to the extent that there are no obligations directly related to that surrender, for example where the payment is received in relation to dilapidations.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(g) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(h) Freehold investment property

Freehold investment properties are initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the acquisition of the investment property.

After initial recognition, freehold investment properties are measured at fair value, with movements in the unrealised gains and losses recognised in the Statement of Profit and Loss and other comprehensive income. Fair value is based upon the market valuations of the properties as provided by the Directors at the balance sheet date, suitably adjusted to account for unamortised tenant lease incentives.

(i) Expenses

All expenses are accounted for on an accruals basis. The investment management and administration fees, formation and set up costs, finance and related set up costs (including interest on the bank facility and the finance cost of the redeemable preference shares) and all other expenses are charged through the Statement of Profit and Loss and other comprehensive income as and when incurred.

Costs incurred directly in the arranging of new leases are capitalised and amortised over the average lease length on the property. Incentives paid to new tenants are amortised over the length of the lease being agreed.

Surrender premiums paid to tenants following the break of a lease are recognised immediately in the Statement of Profit and Loss and other comprehensive income.

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Summary of significant accounting policies (continued)

(i) Expenses (continued)

Property operating expenses are expensed as incurred and any property operating expenditure not recovered by tenants through service charge is charged through the Statement of Profit and Loss and other comprehensive income as incurred.

(j) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

(k) Issued share capital

Ordinary shares are classified as equity.

4. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

The Company's exposure to market risk is comprised of the following risks:

(i) Foreign exchange risk

As at the year end, the Company is not exposed to material foreign exchange risk, as the majority of the Company's transactions are in Pound Sterling which is the Company's functional and presentation currency. It is also the Company's policy not to enter into any currency hedging transactions.

(ii) Price risk

The Company is not exposed to property price and property rentals risk. The Company has leased the investment property from 2007 to 2022 and is therefore not exposed to short-term fluctuations relating to property price and property rentals risk.

The Company is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

(iii) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term borrowings (note 10). Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Interest expense	Impact on post-tax loss
Interest rates - increase in SONIA by 70 basis points	125,643	(52,602)
Interest rates - decrease in SONIA by 100 basis	45,969	27,071
*Holding all other variables constant		

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counter party will be unable to meet its obligations that it has been entered into with the Company which will cause a financial loss for the Company.

The financial assets of the Company comprise of cash and cash equivalents and trade and other receivables. The Company's cash balances are held with Bank of East Asia with Moody's credit rating of A3 and Citibank N.A, London Branch with Moody's credit rating of Aa3. The Directors monitor the credit rating on an ongoing basis.

The Directors monitor the quarterly rent payments and covenant strength of the tenant on an ongoing basis.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet its financial commitments. Investments in property are relatively illiquid; however, the Company has tried to mitigate the associated risk by investing in desirable properties in prime locations.

A summary table with maturity of financial assets and liabilities presented below is used by key management personnel to manage liquidity risks:

As at 31 December 2021

	Less than 1 year	1 - 5 years	Over 5 years	Total
Assets				
Trade and other receivables	143,454	-	-	143,454
Cash and cash equivalents	354,290	-	-	354,290
	497,744	-	-	497,744
	Less than 1 year	1 - 5 years	Over 5 years	Total
Liabilities				
Intercompany loan payables	9,354,885	4,132,365	-	13,487,250
Interest payable on intercompany loan	11,420	-	-	11,420
Trade and other payables	100,948	-	-	100,948
	9,467,253	4,132,365	-	13,599,618

As at 31 December 2020

	Less than 1 year	1 - 5 years	Over 5 years	Total
Assets				
Trade and other receivables	187,624	-	-	187,624
Cash and cash equivalents	2,422,803	-	-	2,422,803
	2,610,427	-	-	2,610,427
	Less than 1 year	1 - 5 years	Over 5 years	Total
Liabilities				
Intercompany loan payables	9,750,000	4,620,844	-	14,370,844
Interest payable on intercompany loan	11,645	-	-	11,645
Trade and other payables	114,157	-	-	114,157
	9,875,802	4,620,844	-	14,496,646

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Income tax

The corporation tax is calculated at a rate of 19% (2020: 19%) of taxable profit for the year.

	2021 £	2020 £
UK corporation tax		
Current tax on taxable profit for the year	35,816	38,931
Adjustments in respect of prior years	-	2,285
Deferred tax	5,868	7,876
Current tax charge	41,684	49,092

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate on the applicable profits as follows:

	2021 £	2020 £
(Loss) / profit before income tax	(4,830,123)	238,356
Taxable profit	(4,830,123)	238,356
Tax calculated at 19%	(917,723)	45,288
Fair value adjustment on investment property	935,658	-
Bad debts write offs	24,450	-
Capital allowance	(5,868)	(6,456)
Disallowed expenses	-	99
Others	(701)	-
Total current tax liability	35,816	38,931
	2021	2020
	£	£
Income tax liabilities		
Current tax liability brought forward	16,649	50,752
Current income tax expense for the year	35,816	38,931
Adjustments in respect of prior years	-	2,284
Tax paid during the year	(16,649)	(75,318)
Current tax liability carried forward	35,816	16,649
Deferred tax		
As at the beginning of the year	19,950	12,074
Charged to statement of comprehensive income	5,868	7,876
	25,818	19,950

6. Critical accounting estimates and judgements

The preparation of the Company's financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on the Directors' best knowledge of the events and amounts involved, actual results ultimately may differ from those estimates.

The Directors have made the following judgements, which have the most significant effect on the amounts recognised in the Company's financial information:

(a) Fair valuation of investment property

The market value of investment property is determined to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties have been valued on an individual basis at year end. The valuation experts use recognised valuation techniques and the principles of IFRS 13.

The critical assumptions of the valuation have been disclosed in note 7.

(b) Operating lease contracts the Company as lessor

The Company has acquired investment properties which have commercial property leases in place with tenants. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Investment properties (continued)

7. Investment properties

	2021 £	2020 £
Market value at beginning of the year	11,199,842	10,600,873
Capital expenditure	1,304,669	598,969
Net loss from fair value adjustment on investment property	(4,924,511)	-
	7,580,000	11,199,842

In accordance with IAS 40, the carrying value of the investment property is its fair value.

The valuation has been conducted by the directors with reference to an external valuation carried out at 9 July 2021, in accordance with the Appraisal & Valuation Standards of the Royal Institution of Chartered Surveyors ("RICS"), on the basis of market value. The Directors do not believe that there has been a material movement in the fair value of these properties from the year end to this date.

The valuation of property assets uses market evidence and also includes assumptions regarding income expectations and yields that investors would expect to achieve on those assets over time. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other classes, could lead to reappraisal of the assumptions used to arrive at current valuations. In adverse conditions, this reappraisal can lead to a reduction in property values and a loss in net asset value.

The valuations have been prepared on the basis of market value which is defined in the RICS Valuation Standards, as: "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market value as defined in the RICS Valuation Standards is the equivalent of fair value under IFRS.

At 31 December 2021, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

There is a charge over the property held by Citibank NA in relation to a loan agreement with the Company's fellow subsidiary Artmax Financing (UK) Limited.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy for investment property:

As at 31 December 2021	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Investment properties	-	-	7,580,000	7,580,000
Total assets	-	-	7,580,000	7,580,000

As at 31 December 2020	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Investment properties	-	-	11,199,842	11,199,842
Total assets	-	-	11,199,842	11,199,842

There have been no transfers between Level 1 and Level 2 during the year, nor have there been any transfers between Level 2 and Level 3 during the year.

The inputs to the valuation are the rental income and yields for similar properties.

The valuation would increase with an increase in rent or reduction in yield. The valuation would decrease with a reduction in rent or an increase in yield.

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Trade and other receivables

	2021 £	2020 £
Amount receivable from the Property Manager	100,893	23,829
Amount due from Artmax Financing (UK) Limited	-	1,441
Amount due from Artmax 43 Cornmarket Street Limited	12,171	-
Rent and service charge	3,647	135,612
Unpaid share capital	1	1
Other receivables	26,742	26,742
Prepayments	11,912	2,625
Accrued income	-	19,490
	155,366	209,740

As at 31 December 2021, trade receivables of £143,454 (2020: £207,115) were fully performing.

9. Cash and cash equivalents

	2021 £	2020 £
Cash at bank	354,290	2,422,803
	354,290	2,422,803

10. Borrowings

	2021 £	2020 £
Non-current		
Intercompany loan payable to Artmax Financing (UK) Limited	4,169,000	4,673,886
Capitalised financing costs	(36,635)	(53,042)
Total non-current borrowings	4,132,365	4,620,844
Current		
Amounts payable to Artmax Development Limited	8,849,999	-
Amounts payable to Ming Wai Lau	-	9,750,000
Amounts payable to Artmax Financing (UK) Limited	504,886	-
Interest payable to Artmax Financing (UK) Limited	11,420	11,645
Total current borrowings	9,366,305	9,761,645

On the 27 March 2019, the Artmax Financing (UK) Limited entered into a £61,000,000 interest bearing loan facility with Citibank NA, of which £4,169,000 was allocated to the Company as an intercompany loan. The principal loan amount carried interest at 1.55% plus 3 month LIBOR. The Company incurred financing fees of £80,608, which is being amortised over the term of the loan. The loan facility matures on 25 March 2024.

During the current year, on the 5 August 2021, the loan facility with Citibank NA, London Branch was reallocated within the Artmax group, of which £504,886 was re-allocated from this Company. Also, with effect from 30 September 2021, the reference rate for interest was changed from LIBOR to SONIA. During the year ended 31 December 2021, a total amount of £73,040 (2020: £91,395) of interest was accrued and a total of £73,265 (2020: £98,455) of interest was paid.

The intercompany loan relates to a non-interest bearing unsecured loan from Ming Wai Lau. The purpose of the loan was provided to purchase the property and is repayable on demand. This intercompany loan was transferred from Ming Wai Lau to Artmax Development Limited on 2 December 2021. A repayment of £1,800,000 (2020: £Nil) was made during the period by utilising the Citibank loan financing. An amount of £899,999 was further issued during the year.

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Trade and other payables

	2021	2020
	£	£
Current		
Trade payables	2,700	6,151
Accrued expenses	24,147	37,297
Service charge payable	4,976	2,104
VAT liability	69,125	68,604
	<u>100,948</u>	<u>114,157</u>

12. Issued capital

	2021	2020
	£	£
Ordinary Shares		
<i>Authorised</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>
<i>Allotted, called up and unpaid</i>		
Issued 1 ordinary share of £1 each	<u>1</u>	<u>1</u>
Total Issued capital	<u>1</u>	<u>1</u>

13. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	The number of shares issued and fully paid.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Non distributable reserve	Gains/losses arising on the revaluation of the company investment property

14. Cash generated from operations

	2021	2020
	£	£
(Loss) / profit before tax	(4,830,123)	238,356
Unrealised loss on fair value of investment property	4,924,511	-
Bad debts written off	128,683	-
Irrecoverable VAT written off	86,042	-
Interest on intercompany loan to Artmax Financing (UK) Limited	73,040	92,836
Amortisation of financing fees	16,407	16,452
Deferred income	1,072	-
Movement in trade and other receivables	(160,351)	151,334
Movement in trade and other payables	(13,209)	(12,562)
Cash generated from operations	<u>226,072</u>	<u>486,416</u>

15. Operating lease commitments

Lessor

The total future minimum rent receivables under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Within one year	490,411	500,000
Between two and five years	-	489,041
In over five years	-	-
	<u>490,411</u>	<u>989,041</u>

16. Directors' remuneration

The Directors did not receive any remuneration during the year (2020: £Nil).

ARTMAX 86/88 MARKET STREET LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Related party transactions

(a) Related entities

The Company is controlled by Artmax Development Limited incorporated in Hong Kong, which as at 31 December 2021 owns 100% of the issued ordinary shares of the Company.

The Company has an amount of £516,306 owed to Artmax Financing (UK) Limited (owned wholly by Ming Wai Lau), as at the period ended 31 December 2021 in relation to the BT rent top up account, rent free reserve account, Citibank loan re-allocation and intercompany loan interest payable.

Artmax AB, a Swedish company owned wholly by Ming Wai Lau, charged £48,630 (2020: £40,872) in relation to management fees for the year ended 31 December 2020. The balance outstanding as at the year end was £nil (2020: £nil).

The Company has a loan payable of £8,849,999 (2020: £9,750,000) with Artmax Development Limited which was transferred from Ming Wai Lau on 2 December 2021 which is unsecured and is repayable on demand.

The company has an intercompany loan payable of £4,180,420 with Artmax Financing (UK) Limited as at 31 December 2021 which relates to the loan principal, loan re-allocation and loan interest payable.

The Company has a loan receivable of £12,171 with Artmax 43 Cornmarket Street Limited which relates to a corporation tax instalment payment paid on their behalf.

(b) Material contracts with related parties

(i) Contracts with the Directors

The Company has a loan payable of £8,849,999 (2020: £9,750,000) with Ming Wai Lau, a director of the Company, which is unsecured and is repayable on demand. The Company's property and loan were transferred from an entity controlled by Ming Wai Lau.

On 2 December 2021, the loan payable outstanding was transferred from Ming Wai Lau to Artmax Development Limited.

18. Ultimate controlling party

The ultimate controlling party is Ming Wai Lau.

19. Audit fees

During the year, the Company was charged audit fees of £5,000 (2020: £4,250) of which £5,000 (2020: £4,250) was outstanding at the year end. No non-audit services were provided.

20. Staff costs

The Company has no employees (2020: Nil).

21. Contingent liabilities

The Company and its fellow subsidiaries are jointly and severally liable to bank borrowings of a fellow subsidiary. At the year end the amount covered by this agreement is £61,000,000.

22. Events after the end of reporting period

There were no events up to date of signing of these financial statements.