Company Registration No: 10311266

VEGA GR LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

VEGA GR LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

W K Procter
C C McGill
P A Hallam
M D Watson

SECRETARY

D T Lau

REGISTERED OFFICE

Berkeley House
304 Regents Park Road
London
N3 2JX

AUDITOR

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

The directors present their report together with the audited financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the Company during the year was that of acting as a holding Company for subsidiary companies engaged in property investment. The principal activity of the Group during the year was that of property investment.

Results and dividends

The consolidated statement of comprehensive income is set out on page 8 and shows the results for the year ended 31 December 2022. The group's loss for the year amounted to £529,501,483 (2021: £208,875,897). The loss for the year is primarily caused by the decrease in fair value of the group's investment properties, which in turn is caused by an increase in risk free discount rates. The impact of risk free discount rate movements on investment properties is detailed further in note 7. The directors do not recommend the payment of a dividend for the current year and no dividend was paid in the prior year.

Business review and future developments

The directors are satisfied with the financial position of the group and company at the year end.

The directors are mindful of the potential legislative changes disclosed in the critical accounting estimates and assumptions section of note 1.12 which potentially could lead to a significant adverse impact on the business. However, given the general uncertainty surrounding leasehold reform, the impact of building safety legislation and its effect on leaseholder behaviour referred to in that note, no adjustments have been made in the financial statements to reflect this.

Investment properties

The group's investment properties have been valued at £501,911,679 (2021: £1,210,631,299). The fair value loss recorded in the statement of comprehensive income in the year amounted to £708,558,849 (2021: £175,753,212). Details of the investment properties are set out in note 7.

Directors

The following directors have held office during the year and up until the point of signing the financial statements:

P A Hallam
W K Procter
C C McGill
M D Watson

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Insurance of Officers

The group has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the group.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The directors have also taken the available exemption from the requirement to prepare a Strategic Report.

On behalf of the Board:

DocuSigned by:

97DB064D6A94426

P A Hallam
Director
Date: 22 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEGA GR LIMITED

Opinion

We have audited the financial statements of Vega GR Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Valuation of investment properties

We draw attention to the disclosures made in the accounting policies on page 16 and in note 7 to the financial statements concerning the carrying values of the group's investment properties. Investment properties are valued on an actuarial basis.

Investment properties totalling £501.9m are included in the financial statements at 31 December 2022 based on a valuation prepared by a firm of independent actuarial consultants at 31 December 2022 and taking account of the outcome of action taken by the Competition and Markets Authority and legislation substantively enacted at 31 December 2022.

In the prior year the majority of the properties were valued by the directors having regard to an interim valuation prepared by the actuarial consultants in 2019 and further analysis prepared by the actuaries at 31 December 2021 and taking into account the outcome of action taken by the CMA and legislation substantively enacted at 31 December 2021. In the prior year a number of more recently acquired properties totalling £93.3m at 31 December 2021 were valued by the directors on the basis of a discounted cash flow valuation of the income streams generated by those assets.

As indicated in the notes, considerable volatility exists in all of these valuations. This is demonstrated by the decrease in total valuation of £708.6m in the current year when compared to the directors' valuation at 31 December 2021, which in turn had decreased by £175.8m when compared to the directors' valuation at 31 December 2020, and as detailed in note 7 where the impact of changes in the underlying assumptions are detailed.

Additionally, as noted in the accounting policies, the directors also recognise, given the lack of a regular market for significant portfolios of such assets, that the carrying value of investment property would not be realised in full should the group seek to dispose of any or all of the properties.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEGA GR LIMITED (continued)

Emphasis of matter – Valuation of investment properties (continued)

Given the uncertainties relating to the volatility in the valuations and the wider impact of leasehold reform and changes to building safety legislation, the ultimate outcome of these matters cannot presently be determined, and no provision for any impairment in the carrying value of the investment properties that may result has been made in the financial statements. Our opinion is not modified in respect of this matter.

Emphasis of matter – Contingent liabilities

We also draw attention to the disclosures in note 16, Contingent Liabilities, which details matters that could create additional liabilities in the future as a consequence of the Building Safety Act 2022. The ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements. Our opinion is not modified in respect of this matter.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEGA GR LIMITED (continued)

Matters on which we are required to report by exception (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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 group's and the parent 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 group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations and property laws and regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, evaluating advice received from tax advisors, reviewing client information with respect to ongoing legal matters and reviewing and monitoring government releases regarding leasehold reforms and Building Safety legislation. Potential changes to property laws and regulations and their impact on these financial statements are further discussed in the accounting policies on pages 18 and 19.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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 Auditors' 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.

Colin Roberts FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Date: 25/09/23

VEGA GR LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	2	16,379,676	9,249,997
Administrative expenses		(6,124,464)	(1,294,963)
Operating Profit		10,255,212	7,955,034
Loss on sale of investment property		(118,399)	(192,481)
Fair value loss on investment property	7	(708,558,849)	(175,753,212)
Interest payable and similar expenses	3	(7,254,030)	(7,458,920)
Loss before taxation	4	(705,676,066)	(175,449,579)
Taxation	6	176,174,583	(33,426,318)
Loss for the financial year		(529,501,483)	(208,875,897)

VEGA GR LIMITED (Company Registration Number: 10311266)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Fixed assets			
Investment properties	7	501,911,679	1,210,631,299
Current assets			
Debtors	9	1,328,903	1,737,407
Cash at bank and in hand		9,965,855	9,779,003
		11,294,758	11,516,410
Creditors: amounts falling due within one year	10	(7,064,614)	(7,129,723)
Net current assets		4,230,144	4,386,687
Total assets less current liabilities		506,141,823	1,215,017,986
Creditors: amounts falling due in more than one year	11	(286,467,590)	(294,642,485)
Provisions for liabilities			
Deferred tax	12	(97,163,000)	(273,204,000)
Other provision	13	(4,841,215)	-
Net assets		117,670,018	647,171,501
Capital and reserves			
Called up share capital	14	100	100
Other reserve	14	537,665,304	537,665,304
Profit and loss account	14	(419,995,386)	109,506,097
Total equity		117,670,018	647,171,501

The financial statements on pages 8 to 31 were approved by the board of directors and authorised for issue and are signed on its behalf by:

DocuSigned by:
97DB064D6A94426

P A Hallam
Director

Date: 22 September 2023

VEGA GR LIMITED (Company Registration Number: 10311266)

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Fixed assets			
Investments	8	220,847,457	752,028,304
Current assets			
Debtors due within one year	9	733,811	749,800
Debtors due in more than one year	9	146,297,407	157,557,816
Cash at bank and in hand		9,965,855	9,779,003
		156,997,073	168,086,619
Creditors: amounts falling due within one year	10	(4,260,844)	(4,216,089)
Net current assets		152,736,229	163,870,530
Total assets less current liabilities		373,583,686	915,898,834
Creditors: amounts falling due in more than one year	11	(302,276,778)	(305,243,251)
Provisions for liabilities			
Deferred tax	12	(37,178,019)	(169,973,230)
Net assets		34,128,889	440,682,353
Capital and reserves			
Called up share capital	14	100	100
Revaluation reserve	14	111,534,067	509,919,702
Profit and loss account	14	(77,405,278)	(69,237,449)
Total equity		34,128,889	440,682,353

The company's loss for the year and total comprehensive income for the year were £8,167,829 and £406,553,464 (2021: £28,319,493 and £234,796,758) respectively.

The financial statements on pages 8 to 31 were approved by the board of directors and authorised for issue and are signed on its behalf by:

DocuSigned by:

97DB064D6A94426

P A Hallam
Director

Date: 22 September 2023

VEGA GR LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Profit and loss account £	Other reserve £	Total £
Balance at 1 January 2021	100	318,381,994	537,665,304	856,047,398
Loss for the year and total comprehensive income	-	(208,875,897)	-	(208,875,897)
Balance at 31 December 2021	100	109,506,097	537,665,304	647,171,501
Loss for the year and total comprehensive income	-	(529,501,483)	-	(529,501,483)
Balance at 31 December 2022	100	(419,995,386)	537,665,304	117,670,018

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £	Profit and loss account £	Revaluation reserve £	Total £
Balance at 1 January 2021	100	(40,917,956)	716,396,967	675,479,111
Loss for the year	-	(28,319,493)	-	(28,319,493)
Other comprehensive income, net of tax:- Fair value gain on subsidiary investments	-		(206,477,265)	(206,477,265)
Balance at 31 December 2021	100	(69,237,449)	509,919,702	440,682,353
Loss for the year	-	(8,167,829)	-	(8,167,829)
Other comprehensive income, net of tax:- Fair value loss on subsidiary investments	-	-	(398,385,635)	(398,385,635)
Balance at 31 December 2022	100	(77,405,278)	111,534,067	34,128,889

VEGA GR LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
OPERATING ACTIVITIES			
Cash generated from operations	15	15,519,248	8,120,879
Interest paid		(4,216,089)	(4,150,320)
Tax paid		-	(43,707)
NET CASH GENERATED FROM OPERATING ACTIVITIES		11,303,159	3,926,762
INVESTING ACTIVITIES			
Purchase of investment properties		-	(6,341)
Proceeds from disposal of investment properties		42,372	125,624
NET CASH GENERATED FROM INVESTING ACTIVITIES		42,372	119,283
FINANCING ACTIVITIES			
Proceeds from related party		11,787,811	-
Repayments of borrowings		(22,946,490)	-
Repayments of related party balances		-	(6,957,422)
NET CASH USED IN FINANCING ACTIVITIES		(11,158,679)	(6,957,422)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		186,852	(2,911,377)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,779,003	12,690,380
CASH AND CASH EQUIVALENTS AT END OF YEAR		9,965,855	9,779,003

All amounts shown in cash at bank and in hand are restricted, and payments are not able to be made without the prior approval of the secured lender.

1. Accounting policies

Company information

Vega GR Limited is a private company limited by shares, domiciled and incorporated in England. The address of the company's registered office and principal place of business is Berkeley House, 304 Regents Park Road, London, N3 2JX. The principal activity of the company during the year was that of acting as a holding company for subsidiary companies engaged in property investment.

1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention as modified to include the revaluation of investment properties and investments in subsidiaries.

1.2 Company reduced disclosure

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;

1.3 Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income. The company's loss and total comprehensive income for the year were £8,167,829 and £406,553,464 (2021: £28,319,493 loss and £234,796,758) respectively.

1.4 Basis of consolidation

The consolidated financial statements include those of the company and its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired are consolidated using the acquisition method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2022.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

1.4 Basis of consolidation (continued)

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. Where negative goodwill arises as a result of a group reconstruction and where the merger accounting method is not permitted, or where the negative goodwill is primarily due to the group's accounting policy in respect of investment property valuation being different from that of the vendor, the amount is recognised as an other reserve within equity on the basis that the gain is, in substance, a capital contribution and the directors consider that it would not be appropriate to recognise such a gain in the statement of comprehensive income.

1.5 Going concern

In preparing the accounts on the going concern basis the directors have given consideration to the group's and the company's results for the year and the group and the company's net asset position.

The directors have taken into account the enacted and potential legislative changes disclosed in the critical accounting estimates and assumptions section of note 1.12 and believe that the group and company have adequate financial resources to continue as a going concern for a period of one year from the date of signing the financial statements. This is on the grounds that the group is a party to a 60 year fully amortising facility. There are reserves in place to ensure that the necessary liquidity is retained in the structure so that funds are available to meet debt service liabilities as they fall due for the twelve months from which these financial statements are approved.

In addition to the matters described above, in arriving at their conclusion the Directors have also considered, Leasehold reform and Building Safety legislation:

Leasehold reform

Parliament has enacted legislation, the Leasehold Reform (Ground Rent) Act 2022, which prevents the inclusion of a ground rent in excess of a peppercorn on new residential long leases. The Act came into force on 30 June 2022 for leases on non-retirement properties and on 1 April 2023 for leases on retirement properties. This legislation does not apply retrospectively although it does restrict the ability of the group to generate rental income beyond the existing term of current leases.

As such, the impact of preventing the creation of future ground rents under the Act is not expected, on its own, to have a material effect on the ability of the group, of which this company is a member, to meet its liabilities as they fall due for a reasonably foreseeable period.

Building Safety legislation

The Building Safety Act was given Royal Assent on 28 April 2022. The Act introduced the responsibility on the freeholder to fund the remediation of certain defects on relevant buildings should the original developer or other responsible party not be available to provide funding.

1.5 Going concern (continued)

On buildings over 11 metres in height the developer is expected to be primarily responsible for funding the necessary remediation. Where the original developer is not available to meet this funding requirement the Government will provide funding to ensure the needed remediation of the external wall systems on any affected buildings. In these cases the freeholder may now be primarily responsible for funding the remediation of any non-cladding fire safety related build defects with limited recourse to cost recovery from leaseholders.

It is not yet possible to establish the level of contribution that may be required by the group across its portfolio however it is expected that a risk based phasing of works will be required to ensure that both financial and non-financial resource will be available to successfully manage a programme of works. In addition, should this new requirement on the freeholder to fund the remediation of building defects create financial hardship for the group it will prevent the achievement of the Government's policy objectives to resolve the building safety crisis and further governmental measures will be needed.

The directors, having given consideration to the provisions of the Act and their potential impact on the group and the company do not believe that the Act will have a material effect on the group and company's ability to meet its liabilities as they fall due for a reasonably foreseeable period of time.

1.6 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the company.

1.7 Turnover

Turnover comprises rent receivable and other income arising from investment properties. Deed of variation fee income is recognised at the point that the underlying leases are varied. Receipts from developers were recognised on entering into an agreement with the Competition and Markets and Authority and the relevant property developers.

Rental income is recognised in accordance with the terms of the lease. Inflationary uplifts to rental income are recognised when received. Non-inflationary uplifts are also recognised when received as the directors are of the opinion that to recognise the impact of those uplifts on a straight line basis over such long term leases (up to 999 years) would not give a true and fair view as the period between recognition and actual collection would be of sufficient length to cause uncertainty over the value to be collected.

Turnover is recognised at the fair value of the consideration received or receivable for rental income charged to external customers in the ordinary nature of the business. Turnover is shown net of value added tax.

1.8 Investment properties

The group's holding of freehold reversionary interests are classified as investment properties and are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available. Changes in fair value are recognised in the statement of comprehensive income.

These assets represent interests held in the freehold land on which third party developers have built and sold long leasehold properties. As such these assets generate income in the form of annual ground rents along with other ancillary fixed income streams.

Recognising the nature of these investment properties and the lack of a regular market for significant portfolios of such assets, the directors are of the opinion that the best approximation to fair value for these properties is provided by a discounted cash flow valuation of the income streams generated by these assets. All investment properties totalling £501.9m included in the financial statements at 31 December 2022 have been valued in the current year using an actuarial valuation performed by a leading firm of independent actuarial consultants. At December 2021, properties totalling £1.1bn were valued by the directors having regard to further analysis carried out by a firm of independent consultants on a previous actuarial valuation. Properties acquired since 2019 totalling £93.3m, were valued by the directors on the basis of a discounted cash flow valuation of the income streams generated by those assets.

The directors also recognise, given the lack of a regular market for such significant portfolios of assets, that these fair values would not be realised should the company seek to dispose of any or all of the investment properties.

Further details are given in note 7.

1.9 Investments

In the separate accounts of the company, investments in subsidiaries are initially measured at the cost of acquisition and subsequently measured at fair value. Changes in fair value are recognised in other comprehensive income.

The fair value of investments in subsidiary undertakings is measured having regard to the net asset value of those subsidiaries. The subsidiary undertakings are predominantly investment property companies and the properties are valued in accordance with the accounting policy stated above and using assumptions and valuation methodologies as set out in note 7. The directors therefore believe this is a suitable approximation to fair value while recognising that these fair values may not be realised should the company seek to dispose of any or all of its investments.

1.10 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from profit before taxation because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

1.10 Taxation (continued)

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and profit before taxation that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allowed for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Financial instruments

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

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

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

1.11 Financial instruments (continued)

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.12 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have made estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investments

In the separate accounts of the company, the valuation of investments in subsidiaries is at fair value.

The valuation of investments in subsidiaries is inherently linked to the value of the underlying assets held by these subsidiaries. The valuation of these underlying assets is based on assumptions which may be affected by the potential changes in legislation discussed below, such that the underlying assumptions are no longer valid. The likelihood and impact of these legislative changes are too uncertain to enable the directors to reasonably estimate their impact on the asset valuation. Given this uncertainty, it is assumed that net asset value of the subsidiaries continues to represent the fair value of the investments held in subsidiaries holding these assets.

1.12 Critical accounting estimates and areas of judgement (continued)

Valuation of investment properties

A key accounting estimate in preparing these financial statements relates to the carrying value of the investment properties. In the current year an external professional actuarial valuation has been used as the basis for the fair value of the investment property. However, the valuation of the group's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future prove not to be accurate. The risk of which is heightened due to the enacted and further potential legislative changes noted below.

Parliament has enacted legislation, the Leasehold Reform (Ground Rent) Act 2022, which prevents the inclusion of a ground rent in excess of a peppercorn on new residential long leases. The Act came into force on 30 June 2022 for leases on non-retirement properties and on 1 April 2023 for leases on retirement properties. This legislation does not apply retrospectively although it does restrict the ability of the group to generate rental income beyond the existing term of current leases as it impairs the ability of the freeholder and leaseholder to agree for the continuation of ground rent in the extension period when extending the lease beyond the current lease term. Due to the lack of data available it is not possible at this time to assess how this change in law will impact the proportion of leases that retain rent beyond a lease extension.

In addition to the enacted legislation the Government is expected to introduce further legislation that will affect the law governing leasehold enfranchisement and lease extensions. These changes, if enacted, are likely to reduce the group's future income arising from the premium received at the point of lease extension or enfranchisement. It could also increase incidence rates of enfranchisements and lease extensions and negatively impact the ongoing rental income. It is unclear at this time to what extent these changes could reduce the future cash flows of the group but it could have a material impact. These factors create uncertainty surrounding the calculation of the Fair Value of the assets.

The directors are of the view that the proposed changes, if introduced in total, would be very damaging to the residential property market and against the interests of consumers and other property owners. The directors have engaged, and continue to engage, actively in consultations with Government, other stakeholders and interested parties in order to convey the company's opposition to the current reform agenda. Public announcements by government and in the Law Commission's report have recognised that any proposals to make wholesale reforms pose real problems with respect to the contravention of human rights legislation.

In addition, there is a potential impact arising from the Building Safety legislation enacted in 2022, see note 16 for further details.

An intrinsic element of the long-term forecasts is the continuing rental income and lease extension premiums generated by the property assets held by the group. The potential legislative changes raised above may affect these forecasts to the extent that the underlying assumption is no longer valid.

Similarly, the debt service requirements of the group are primarily dependent upon this continuing rental income and these potential legislative changes, if introduced in their current form, could affect the group's ability to meet its obligations in the long term.

The financial consequences of these enacted and potential changes are too uncertain to enable the directors to reasonably estimate the impact of such changes on their forecasts. It is assumed that the current methodology continues to represent a fair value of these assets.

Further details of the valuation of the investment property are set out in note 7.

1.12 Critical accounting estimates and areas of judgement (continued)

Current taxation

In arriving at the tax charge for the year the directors have been required to consider legislation introduced by HMRC in respect of Corporate Interest Restrictions and restrictions on the use of losses from 1 April 2017.

These rules are complex and may have a material impact on the group's tax charge. The assumptions made by the directors are as follows. The directors have assumed that a restriction arising from the corporate interest restriction calculation of £6.7m (2021: £5.1m) will be applied within the Turing GR Limited group. Total interest restrictions of £18.5 (2021: £11.8m) have been made to date and are available to carry forward against future profits of the wider Euro Investments Overseas Incorporated group. No deferred tax asset has been recognised in respect of the restricted corporate interest due to uncertainty of recovery.

Furthermore, the directors have assumed that group relief of £8,565 (2021: £Nil) will be available to claim in the Turing GR Limited group from parties external to that group. This assumption is based on estimates made by entities in the wider Euro Investments Overseas Incorporated group.

Whilst the directors believe their assumptions to be reasonable, the complex nature of the rules and their impact on the wider Euro Investments Overseas Incorporated group could mean the assumptions prove to be inaccurate.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

2. Turnover

An analysis of the group's turnover by class of business is as follows:

	2022	2021
	£	£
Rent receivable	4,817,643	4,758,982
Other operating income	3,093,868	3,232,000
Deed of variation fee and legal fee income	243,060	1,259,015
Receipts from developers (See note 13)	8,225,105	-
	16,379,676	9,249,997

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Interest payable and similar expenses

	2022 £	2021 £
Interest payable on secured loan	6,725,092	7,146,001
Other interest payable	-	458
Amortisation of finance costs	9,401	9,401
Related party interest payable	519,537	303,060
	7,254,030	7,458,920

4. Loss before taxation

	2022 £	2021 £
The loss before taxation is stated after charging:		
Auditor's remuneration:		
- Statutory audit of the company and consolidated accounts	32,000	25,000
- Audit of subsidiaries	219,000	180,000
Provision for leaseholder compensation	4,841,215	-

See note 13 for further information regarding the provision for leaseholder compensation.

5. Employees

There were no employees of the group and company during the year other than the directors (2021: Nil). The directors, who are also considered to be key management, are remunerated by the related party Fairhold Services Limited and this is recharged to the group as part of the management charge from Estates & Management Limited. This management charge which in 2022 amounted to £753,290 (2021: £692,200) also includes a recharge of administration costs borne by Fairhold Services Limited on behalf of the group and it is not possible to identify separately the amount relating to the directors' remuneration.

6. Taxation

	2022 £	2021 £
Current tax		
Adjustment in respect of prior years	(133,583)	43,797
Current taxation	-	612,521
Total current tax	(133,583)	656,318
Deferred tax:		
Movement on potential chargeable gain	(176,041,000)	(42,970,426)
Effect of tax change	-	75,740,426
Total deferred tax	(176,041,000)	32,770,000
Total tax (credit)/charge on loss	(176,174,583)	33,426,318

Factors affecting the tax charge for the year.

The tax assessed for the year is lower (2021: higher) than the effective rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Loss before tax	(705,676,066)	(175,449,579)
Loss multiplied by the effective rate of corporation tax in the UK of 19% (2021: 19%).	(134,078,453)	(33,335,420)
Effects of:		
Corporate interest restriction	1,266,994	974,539
Effect of movement in value of investment properties	134,626,181	33,393,110
Adjustments for prior periods	(133,583)	43,797
Chargeable gain transferred to related party	(1,609,476)	(194,367)
Movements in deferred tax on investment properties	(176,041,000)	(42,970,426)
Losses utilised	(88,643)	(64,684)
Effect of change in tax rate	-	75,740,426
Other timing differences	(139,934)	(160,657)
Group relief claim	(1,627)	-
Chargeable gain on disposal of investment property	24,958	-
Tax (credit)/charge	(176,174,583)	33,426,318

In the prior period, the Finance Act 2021 was enacted and included legislation to increase the main rate of tax to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax has been recognised at 25% in both the current and comparative periods shown in these financial statements.

The group has estimated non-trading losses of £2.2m (2021: £2.2m), available to carry forward against future profits. No deferred tax asset has been recognised in respect of these losses due to uncertainty of recovery.

7. Investment properties

	Freehold reversionary interests	
	2022	2021
	£	£
Fair Value		
As at 1 January	1,210,631,299	1,386,696,275
Additions	-	6,341
Disposals	(160,771)	(318,105)
Fair value loss	(708,558,849)	(175,753,212)
As at 31 December	501,911,679	1,210,631,299

The investment properties represent a portfolio of freehold reversionary interests that generate ground rents as the principal income stream. The fair value of these properties is calculated based on a discounted cash flow methodology which is reliant on the assumptions used to estimate the future cash flows (see note 1.8).

Investment properties totalling £501,911,679 are included in the financial statements at 31 December 2022 based on a valuation prepared by a firm of independent actuarial consultants at 31 December 2022 and taking into account the outcome of action taken by the Competition and Markets Authority and legislation substantively enacted at 31 December 2022. See note 13.

In the prior year, properties totalling £1.117bn were valued by the directors having regard to an interim valuation prepared by the actuarial consultants in 2019 and further analysis prepared by the actuaries at 31 December 2021. In the prior year a number of more recently acquired properties totalling £93.3m at 31 December 2021 were valued by the directors on the basis of a discounted cash flow valuation of the income streams generated by those assets.

The basis of the independent valuation performed on an actuarial basis was to project risk adjusted income streams generated by the portfolio over 150 years discounted by a risk-free rate of return.

The principal assumptions used in the independent actuarial valuation were:

RPI basis for inflation assumptions	Implied inflation vector taken from the Bank of England website;
Residential property inflation	Derived from market rental yields as found in propertydata.co.uk and the UK Government gilt curve;
Risk free discount rate	A series of rates reflecting the UK government gilt yield curve as applicable to each cash flow date up to 40 years, with a fixed forward rate after 40 years;

7. Investment properties (continued)

Incidence rates for lease extensions and the price charged	Historic incidence rates and FTT valuation. Proportion of ground rents retained post lease extension are based on recent experience. Where ground rents are retained post lease extension, ground rents are modelled over the original lease term only and assumed to be peppercorn thereafter;
Taxation	No allowance has been made for taxation in projecting the future revenue flow.

The input to the model with the most significant impact on the valuation is the discount rate used. Per the 31 December 2022 actuarial valuations, on a group basis, a 50-basis point increase or decrease in this rate reduces or increases the valuation by 24% and 38% respectively.

At 31 December 2021 the remainder of the investment properties (approximately 7.7% or £93,343,000) were valued by the directors using a projection of the income streams generated by the portfolio over 50 years, discounted using risk adjusted discount factors.

The principal assumptions used in these valuations were:

RPI basis for inflation assumptions	implied inflation vector taken from the Bank of England website;
Discount rate	the discount rate applied is obtained from the Bank of England swap curve with a premium of 140 or 200 basis points added;
Taxation	no allowance has been made for taxation in projecting the future revenue flow;
Incidence rates for lease extensions and price charged	projected according to historical incidence rates depending on the length of ownership and lease term remaining;
Freehold reversionary interests	projection of discounted income generated by the portfolio over 50 years, together with an assessment of the residual value of the assets at the end of that 50-year term.

7. Investment properties (continued)

If investment properties were stated on a historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Freehold reversionary interests	
	2022	2021
	£	£
Cost	977,359,620	977,393,213

The Group's investment property is subject to a debenture and charge in connection with a guarantee provided by the group in respect of the indebtedness of the holding company and other related parties (see note 17).

8. Investments

Company	**Shares in subsidiary undertakings**
	£
Fair value	
As at 1 January 2022	752,028,304
Fair value loss	(531,180,847)
As at 31 December 2022	220,847,457

Investments are valued in accordance with the accounting policy stated in Note 1.9.

If investments were stated on a historical cost basis rather than a fair value basis the amounts would be included as follows:

	Shares in Subsidiary Undertakings	
	2022	2021
	£	£
Cost	72,135,385	72,135,385

8. Investments (continued)

The company holds a 100% interest in the ordinary share capital of the following entities:

Name	Nature of business	Company Registration No.
Vega Holdco 1 Limited	Property investment	09133952
Vega Holdco 2 Limited	Property investment	09133984
Vega Holdco 3 Limited	Property investment	09133982
Vega Holdco 4 Limited	Property investment	09133980
Vega Holdco 5 Limited	Property investment	09133986
Vega Holdco 6 Limited	Property investment	09134008
Lamda GR Limited	Property investment	10140513
Fairthatch GR Limited	Property investment	08447905
Whitelake Properties Investment Limited	Property investment	09163519
Vega Ground Rents No 9 Limited	Holding Company	09088427
Vega Ground Rents No 10 Limited	Holding Company	07971689
Vega 603 Limited*	Property investment	08744507
Vega 1001 Limited*	Property investment	08267298
Vega GR Partner 1 Limited	Holding Company	10142384
Vega GR Partner 2 Limited	Holding Company	10141714
Vega Ground Rents No 3 LLP*	Property investment	OC360128
Vega Ground Rents No 4 LLP*	Property investment	OC369486
Vega Ground Rents No 6 LLP*	Property investment	OC383340
Zeta GR Limited	Property investment	10140851
Fairhold Crescent Limited	Property investment	08129968
Calibri GR	Property investment	10140912
Vega Properties No3 Limited (Formerly Roquet Properties No3 Limited)	Property investment	11829144

* indirectly held

The subsidiary undertakings are incorporated and have their place of business in England. Their registered office is Berkeley House, 304 Regents Park Road, London, N3 2JX.

The subsidiary undertakings shown above have taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited. The guarantee given by the company under section 479A of the Act is disclosed in note 16.

9. Debtors

	Group 2022 £	Company 2022 £	Group 2021 £	Company 2021 £
Amounts due within one year:				
Trade debtors	409,927	3,035	739,750	2,712
Prepayments and accrued income	87,631	-	150,000	-
Other debtors	805,193	730,776	821,505	747,088
Tax debtor	26,152	-	26,152	-
	1,328,903	733,811	1,737,407	749,800
Amounts due in more than one year:				
Amounts owed to group undertakings	-	146,297,407	-	157,557,816
	-	146,297,407	-	157,557,816
	1,328,903	147,031,218	1,737,407	158,307,616

9. Debtors (continued)

The amounts owed by group undertakings is due for repayment five years after the termination date of the secured loan held by the company, being 2085. Interest is charged at the Barclays Bank Base Rate +2.5% (2021: 6-month Libor +2.4%).

10. Creditors: amounts falling due within one year

	Group 2022 £	**Company 2022 £**	Group 2021 £	Company 2021 £
Secured loan	4,260,844	4,260,844	4,216,089	4,216,089
Corporation tax	516,072	-	649,654	-
Accruals and deferred income	2,169,184	-	2,263,980	-
Other creditors	118,514	-	-	-
	7,064,614	4,260,844	7,129,723	4,216,089

11. Creditors: amounts falling due in more than one year

	Group 2022 £	**Company 2022 £**	Group 2021 £	Company 2021 £
Secured loan	273,740,070	273,740,070	294,222,313	294,222,313
Amounts owed to group undertakings	-	15,809,188	-	10,600,766
Amounts owed to related parties	12,727,520	12,727,520	420,172	420,172
	286,467,590	302,276,778	294,642,485	305,243,251

The loan is secured on the group's investment properties and is supported by unlimited guarantees given by the subsidiary undertakings who own those properties.

The loan and associated interest charges are repayable by annual instalments in January each year with the final instalment due for repayment in 2080. Instalments are calculated based on 98% of the forecast annual ground rents adjusted for realised RPI collected by the group. An effective interest rate is calculated to amortise the loan over its expected term of 60 years based on projected ground rent cash flows over the term of the loan. Based on current projections the effective interest rate is estimated at 2.58% (2021: 2.51%).

The instalment payable in January 2023 of £4,260,844 (2022: £4,216,089) is shown as an amount falling due within one year. The total cash payments expected to be made in years two to five are projected at £18,765,835 (2021: £18,080,169).

The amounts due to related parties is due for repayment in 2085. Interest is charged at a fixed rate of 8%.

The amounts owed to group undertakings is due for repayment five years after the termination date of the secured loan held by the company, being 2085. Interest is charged at the Barclays Bank Base Rate +2.5% (2021: 6-month Libor +2.4%).

12. Provisions for liabilities

Group

	Deferred Tax £
1 January 2022	273,204,000
Credited to profit or loss	(176,041,000)
31 December 2022	97,163,000

Provision for deferred tax has been made as follows:

	2022 £	2021 £
Deferred tax on assets measured at fair value	97,163,000	273,204,000

Company

	Deferred Tax £
1 January 2022	169,973,230
Credited to profit or loss	(132,795,211)
31 December 2022	37,178,019

Provision for deferred tax has been made as follows:

	2022 £	2021 £
Deferred tax arising on assets measured at fair value	37,178,019	169,973,230

13. Other provisions

	Other provisions £
Charged to profit or loss	4,841,215
As at 31 December 2022	4,841,215

13. Other provisions (continued)

Conclusion of investigation by the Competition and Markets Authority

On 4 August 2022 the group agreed undertakings with the CMA that ended the CMA's investigation into the wider group. These undertakings restrict group companies' ability to charge uplift rents on certain leases and create obligations to refund certain rents and fund certain costs for the variation of leases, should a leaseholder choose to enter into such lease variation. As a result, payments were received from certain developers (see note 2) and a provision was made for obligations to leaseholders. The reduction in future rents has been assessed in the determination of the Fair Value of the relevant investment properties.

14. Share capital and reserves

Company share capital

	2022	2021
	£	£
Allotted, issued and outstanding:		
100 ordinary shares of £1	100	100

Ordinary share rights
The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

The refinancing agreement restricts Vega GR Limited from paying dividends, redeeming any of its own share capital, or from repaying any subordinated debt without approval from the financiers.

Reserves

Reserves of the Group represent the following:

Profit and loss account
Cumulative profit and loss net of distributions to owners.

Other reserve
Reserve arising as a result of the acquisition of a number of subsidiaries when the group was created.

Reserves of the Company represent the following:

Profit and loss account
Cumulative profit and loss net of distributions to owners.

Revaluation reserve
Fair value gains on subsidiary investments net of deferred tax.

15. Reconciliation of profit after tax to net cash generated from operations

	Group 2022 £	Group 2021 £
Loss after tax	(529,501,483)	(208,875,897)
Adjustments for:		
Fair value losses on investment properties	708,558,849	175,753,212
Interest payable	7,254,030	7,458,920
Loss on disposal of investment properties	118,399	192,481
Taxation	(176,174,583)	33,426,318
Operating cash flows before movements in working capital	10,255,212	7,955,034
Movement in debtors	399,004	81,228
Movement in creditors and provisions	4,865,032	84,617
Cash generated from operations	15,519,248	8,120,879

Consolidated analysis of changes in net debt:

	1 January 2022 £	Non-Cashflow Movements £	Cashflows £	31 December 2022 £
Cash at bank and in hand	9,779,003	-	186,852	9,965,855
Debt due within 1 year:				
Secured Loans	(4,216,089)	(4,260,844)	4,216,089	(4,260,844)
Debt due after 1 year:				
Secured loans	(294,222,313)	(2,464,247)	22,946,490	(273,740,070)
Amounts owed to related parties	(420,172)	(519,537)	(11,787,811)	(12,727,520)
Net debt	(289,079,571)	(7,244,628)	15,561,620	(280,762,579)

16. Contingent Liabilities

Building Safety Act 2022

The directors are currently assessing the potential impact of the Building Safety Act 2022, which received Royal Assent on 28 April 2022. Given the nature of the legislation (see note 1.5) and the lack of clarity at this time as to the extent that specific buildings may require funding it is not currently clear what the likely probability or quantum of any potential liability to fund the remediation of building defects would be. Therefore, no provision has been included in these financial statements.

Parental guarantee

In order for the subsidiary companies named in note 8 to take the audit exemption set out in section 479A of the Companies Act 2006, the company has guaranteed all outstanding liabilities of those subsidiary companies at 31 December 2022 until those liabilities are satisfied in full.

17. Guarantees

The company and its subsidiaries have given an unlimited guarantee in respect of some of the indebtedness held in the Company's accounts. The guarantee is supported by a debenture and a charge over the group's property holdings. At 31 December 2022 the total amount outstanding subject to that guarantee was £278m (2021: £298.4m).

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other participating group undertakings' unpaid debts in this connection.

18. Immediate parent company, ultimate parent company and ultimate controlling party

The company's immediate parent company is Turing GR Limited, which is the largest group for which group accounts containing this Company are prepared. Turing GR Limited is domiciled and incorporated in England. Copies of the financial statements are available from Companies House, Crown Way, Cardiff CF14 3UZ.

The directors regard the ultimate holding company to be Euro Investments Overseas Incorporated, a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

19. Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

At 31 December 2022 the group and company owed the following amounts to related parties related by virtue of common control and common directors:

	2022	2021
	£	£
Mertola 5 Limited	12,727,520	420,172

The Mertola 5 balance was in a creditor position at both 31 December 2022 and 31 December 2021 and under the terms of the loan agreement, the company was charged interest by Mertola 5 of £519,537 (2021: £303,060) on amounts outstanding during the year.

During the year the group was charged management fees of £753,290 (2021: £692,200) by Estates & Management Limited, a related party related by virtue of common control and common directors.