

Registration number: OC374045

# Anglo Scandinavian Estates 1 LLP

Annual Report and Financial Statements

for the Year Ended 31 December 2019



## **Anglo Scandinavian Estates 1 LLP**

### **Contents**

LLP Information	1
Members' Report	2 to 4
Independent Auditor's Report	5 to 7
Statement of Comprehensive Income	8
Statement of Changes in Members' Interests	9
Statement of Financial Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 to 32

## **Anglo Scandinavian Estates 1 LLP**

### **LLP Information**

<b>Designated Members</b>	Anglo Scandinavian Estates Company Limited Anglo Scandinavian Estates LLP
<b>Registered office</b>	Sloane Square House 1 Holbein Place London SW1W 8NS
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU

## **Anglo Scandinavian Estates 1 LLP**

### **Members' Report for the Year Ended 31 December 2019**

The limited liability partnership ("LLP") members ("members") present their report together with the audited financial statements for the year ended 31 December 2019.

#### **Results and members' capital**

The statement of comprehensive income is set out on page 8 and shows the loss for the year.

The Members do not propose the withdrawal of capital (2018 - £ Nil).

Income distributions totalling £ Nil (2018 - £19,500,000) were payable to members in respect of the year.

#### **Principal activity**

The LLP's principal activity is that of owning and renting investment property in the UK.

#### **Review of business, key performance indicators and future developments**

The LLP made a loss after tax of £1,385,270 (2018 - profit after tax £2,716,492) primarily as a result of a decrease in revenue to £ Nil (2018 - £484,462), a loss in the fair value of investment properties of £214,832 (2018 - gain of £918,767) and finance costs of £1,509,738 (2018 - £1,217,118). The LLP held 1 property at the year end (2018: 1).

With the passing of legislation to confirm the United Kingdom's (UK) withdrawal from the European Union (EU) we are operating in a period of increased economic and political uncertainty. This uncertainty is likely to remain until the precise nature of the future relationship of the UK with the EU is agreed. As a largely domestically focused business operating in sterling, the LLP is more exposed to the economic impact of leaving the EU than more diverse businesses. Uncertainty over the form and substance of the UK's future trading agreement with the EU increases the risk of a detrimental effect on the domestic economy. We continue to believe that our more regionally focused strategy is well suited to such an environment and whilst Brexit-related headwinds may impact our occupational markets, clarity of the full extent will not be known for some years. We will continue to monitor and evaluate possible impacts on the LLP being aware that the uncertainty is likely to generate opportunities for the business as well as challenges.

#### **Principal risks, uncertainties and financial instruments**

The LLP's income derives from a wide tenant base. This diversifies the principal risks which arise in the LLP's business.

All of the LLP's current borrowings are fixed therefore interest rate risk is substantially mitigated.

The members monitor the business performance of the group of which the LLP is a member on a quarterly basis in detail. This includes 5 year rolling cash flow forecasts, detailed management information for the rental business and banking covenants reports. This allows the members to ensure that appropriate facilities and internal resource are available, and where necessary further funds are made available from members.

## **Anglo Scandinavian Estates 1 LLP**

### **Members' Report for the Year Ended 31 December 2019 (continued)**

#### **Designated Members**

The following were designated members, (as defined by the Limited Liability Partnerships Act 2000) during the year:

Anglo Scandinavian Estates Company Limited

Anglo Scandinavian Estates LLP

#### **Statement of members' responsibilities in respect of the financial statements**

The members are responsible for preparing the members' report and financial statements in accordance with applicable laws and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial period. Under these regulations the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under these regulations the members 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 LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions, disclose with reasonable accuracy at any time the financial position of the LLP, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Policies in relation to drawings, capital and profits**

The policy for members' drawings is that they are determined by the members on a quarterly basis in line with the terms of the Limited Liability Partnership Deed dated 12 June 2012. These drawings are determined by taking into account the need to retain sufficient funds to finance the working capital and other needs of the business. Drawings will only be taken after these requirements have been met.

Individual members' capital contributions are also determined on a quarterly basis by the members' having regard to the short, medium and long term needs of the business.

Profits of the LLP which are not yet divided among the members are reflected under 'Other reserves'. These reserves are allocated once all criteria have been met in accordance with the Limited Liability Partnership Deed.

## **Anglo Scandinavian Estates 1 LLP**

### **Members' Report for the Year Ended 31 December 2019 (continued)**

#### **Going concern commentary**

The Designated Members consider that it is appropriate to adopt the going concern basis in preparing the financial statements. For further details see note 1 to the financial statements.

#### **Events after the reporting period**

As further described in note 1, subsequent to the balance sheet date, the spread of COVID-19 has impacted on the ability of the LLP and Group, of which the LLP is a subsidiary, to collect rental receipts as planned. This has had an adverse impact on the LLP's and Group's profit generation. The impact, if any, on the valuation of the LLP's and Group's investment properties and LLP's intercompany debt cannot be estimated with any certainty at this time.

#### **Reappointment of auditors**

BDO LLP have expressed their willingness to continue in office.

#### **Disclosure of information to auditor**

Both of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the LLP's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the members



.....  
Jaysal Atara  
For and on behalf of  
Anglo Scandinavian Estates Company Limited

Date: 2nd September 2020.

## **Anglo Scandinavian Estates 1 LLP**

### **Independent Auditor's Report to the Members of Anglo Scandinavian Estates 1 LLP**

#### **Opinion**

We have audited the financial statements of Anglo Scandinavian Estates 1 LLP (the 'LLP') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Members' Interests, 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 Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

#### **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 LLP 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.

#### **Material uncertainty relating to going concern**

We draw attention to Note 1 to the financial statements, which indicates the designated members' considerations over going concern including the potential impact of the current COVID-19 outbreak. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the LLP's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The members are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, 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.

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

We have nothing to report in this regard.

## **Anglo Scandinavian Estates 1 LLP**

### **Independent Auditor's Report to the Members of Anglo Scandinavian Estates 1 LLP (continued)**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of members**

As explained more fully in the Statement of Members' Responsibilities, the members' 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 members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our auditor's report.

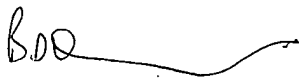


## **Anglo Scandinavian Estates 1 LLP**

### **Independent Auditor's Report to the Members of Anglo Scandinavian Estates 1 LLP (continued)**

#### **Use of our report**

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Russell Field (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street  
London  
W1U 7EU

Date: 3 September 2020  
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BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Anglo Scandinavian Estates 1 LLP

### Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Revenue	4	-	484,462
Operating expenses	5	(179,271)	(88,105)
Other operating income		<u>109,615</u>	<u>21,276</u>
<b>Gross (loss)/profit</b>		(69,656)	417,633
Administrative expenses		(45,995)	(42,340)
Change in fair value of investment property	9	(214,832)	918,767
Gain on disposal of investment property		<u>-</u>	<u>1,916,308</u>
<b>Operating (loss)/profit</b>	6	(330,483)	3,210,368
Change in fair value of financial instruments	13	-	302,795
Finance income	7	454,951	420,447
Finance costs	7	<u>(1,509,738)</u>	<u>(1,217,118)</u>
<b>(Loss)/profit before tax</b>		(1,385,270)	2,716,492
Taxation	8	<u>-</u>	<u>-</u>
<b>(Loss)/profit and total comprehensive (loss)/income for the financial period attributable to members</b>		<u><u>(1,385,270)</u></u>	<u><u>2,716,492</u></u>

The above results were derived from continuing operations.

## Anglo Scandinavian Estates 1 LLP

### Statement of Changes in Members' Interests for the Year Ended 31 December 2019

	Members' Capital £	Revaluation reserve £	Other Reserves £	Total £
Balance at 1 January 2019	17,284,632	34,374,189	(43,934,518)	7,724,303
Advanced from members	1	-	-	1
Comprehensive loss for the year	<u>-</u>	<u>(214,832)</u>	<u>(1,170,438)</u>	<u>(1,385,270)</u>
<b>Amounts due to members on 31 December 2019</b>	<u><u>17,284,633</u></u>	<u><u>34,159,357</u></u>	<u><u>(45,104,956)</u></u>	<u><u>6,339,034</u></u>

	Members' Capital £	Revaluation reserve £	Other Reserves £	Total £
Balance at 1 January 2018	17,284,632	33,455,422	(26,232,243)	24,507,811
Distributions to members	-	-	(19,500,000)	(19,500,000)
Comprehensive income for the year	<u>-</u>	<u>918,767</u>	<u>1,797,725</u>	<u>2,716,492</u>
<b>Amounts due to members on 31 December 2018</b>	<u><u>17,284,632</u></u>	<u><u>34,374,189</u></u>	<u><u>(43,934,518)</u></u>	<u><u>7,724,303</u></u>

The notes on pages 12 to 32 form an integral part of these financial statements.

# Anglo Scandinavian Estates 1 LLP

(Registration number: OC374045)

## Statement of Financial Position as at 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	9	1,500,000	1,685,000
<b>Current assets</b>			
Trade and other receivables	10	18,138,232	18,339,767
Cash and cash equivalents	14	415,032	77,758
		<u>18,553,264</u>	<u>18,417,525</u>
Total assets		<u>20,053,264</u>	<u>20,102,525</u>
<b>Members' Interest and liabilities</b>			
Members' interests		(6,339,034)	(7,724,303)
<b>Current liabilities</b>			
Trade and other payables	12	(390,048)	(424,858)
Loans and borrowings	11	(13,324,182)	(11,953,364)
		<u>(13,714,230)</u>	<u>(12,378,222)</u>
Total members' interest and liabilities		<u>(20,053,264)</u>	<u>(20,102,525)</u>

The financial statements were approved by the members and authorised for issue on 2nd September 2020.



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Jay Atara

For and on behalf of Anglo Scandinavian Estates Company Limited

## Anglo Scandinavian Estates 1 LLP

### Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		(1,385,270)	2,716,492
Adjustments to cash flows from non-cash items			
Change in fair value of financial instruments	13	-	(302,795)
Changes in fair value of investment property	9	214,832	(918,767)
Profit from sales of investment properties		-	(1,916,308)
Finance income	7	(454,951)	(420,447)
Finance costs	7	1,509,738	1,217,118
Rent smoothing adjustment		-	74,134
		<u>(115,651)</u>	<u>449,427</u>
Working capital adjustments			
Decrease/(increase) in trade and other receivables and amounts owed by related parties	10	201,536	(2,430,583)
Increase in trade and other payables and amounts due to related parties		<u>280,282</u>	<u>391,896</u>
Net cash flow from/(used in) operating activities		<u>366,167</u>	<u>(1,589,260)</u>
<b>Cash flows from investing activities</b>			
Interest received	7	939	2,439
Capital expenditure on investment properties	9	(29,832)	(120,991)
Net proceeds from sale of investment properties		-	22,036,305
Net cash flows from/(used in) investing activities		<u>(28,893)</u>	<u>21,917,753</u>
<b>Cash flows from financing activities</b>			
Interest paid		-	(49,350)
Repayment of bank borrowing		-	(1,820,191)
Dividends paid		-	(19,500,000)
Net cash flows from/(used in) financing activities		<u>-</u>	<u>(21,369,541)</u>
Net increase/(decrease) in cash and cash equivalents		337,274	(1,041,048)
Cash and cash equivalents at 1 January		<u>77,758</u>	<u>1,118,806</u>
Cash and cash equivalents at 31 December		<u>415,032</u>	<u>77,758</u>

The notes on pages 12 to 32 form an integral part of these financial statements.

## **Anglo Scandinavian Estates 1 LLP**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

#### **1 Accounting policies**

Anglo Scandinavian Estates 1 LLP is a limited liability partnership incorporated in England & Wales under the Companies Act. The address of the registered office is given on the LLP information page and the nature of the LLP's principal activities are set out in the members report.

#### **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's").

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Basis of preparation**

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules except that investment properties and derivative financial instruments are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the LLP's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The LLP's financial statements are presented in Sterling (GBP), which is the LLP's functional currency and all values are rounded to the nearest pound (£) except where otherwise indicated. The functional currency is the currency of the primary economic environment in which the LLP operates. Accordingly, the LLP measures its financial results and financial position in Sterling. The reporting currency used for the preparation of the financial statements is Sterling, which is the currency in which the members' capital in the LLP is denominated.

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 1 Accounting policies (continued)

##### Going Concern

At 31 December 2019, the LLP had net current assets of £4,839,034 which primarily arose from amounts due from fellow group undertakings. Subsequent to the year end, the spread of Covid-19 has impacted the ability of the LLP and fellow group undertakings to collect its rental collections as planned which give rise to uncertainty in the LLP's ability to recover these assets allowing the LLP to discharge its obligations as they fall due. The Designated members have taken actions to mitigate the LLP's cost base and cash outflows during this period.

ASE Holdings S.à r.l., the ultimate parent company, has indicated its present intention to provide the necessary level of financial support to enable the LLP to weather the impact of Covid-19 and satisfy its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approving these financial statements. As such, the Designated members have adopted the going concern basis of accounting in preparing the financial statements of the company.

However, in making this assessment the Designated members are mindful that ASE Holdings S.à r.l. have highlighted in their own group financial statements for the year ended 31 December 2019 the following:

*Given the significant impact of COVID-19 on the macro-economic conditions in which the Group is operating, the managers have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 December 2019. The Group's going concern assessment is dependent on a number of factors, including performance of rental collections, continued access to funding and the ability to continue to operate the Group's secured debt structure within its financial covenants.*

*The managers have performed stress testing of the Group's forecasts over the next 12 months, adopting a primary assumption that rental collections will be lower than what would normally be expected. The impact in the reduction in the rental collections have been applied across a variety of performance indicators including free cash flow and debt serviceability covenants.*

##### Severe Downside Scenario - Rent Collections [Less than 50%]

*The going concern assessment is based on the first 12-months of the 5 year rolling cash flow forecast, which is based on a severe but possible downside scenario resulting from the impact of COVID-19, reflecting the following key assumptions:*

- *Minimum average rental collection required to meet all contractual obligations over the whole of the going concern assessment period (less than 50%)*
- *No new or additional financing in the assessment period, but existing facilities are assumed to remain available*
- *No forecasted asset sales*
- *All non-contractual costs and non-committed capital expenditure put on hold*

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 1 Accounting policies (continued)

*Throughout this downside scenario the Group has sufficient liquid cash reserves to meet all committed contractual obligations over the assessment period being 12 months from the date of approval of these financial statements. The rent collection forecasts under the Severe Downside Scenario if they transpired would result in breaches of the Group's debt service covenants on the October 2020, January and April 2021 testing dates, requiring the use of covenant breach cures available under the facility agreements or the negotiation of waivers. Discussions with the financier surrounding potential breaches have established the expectation that if the Group continue to make interest and capital repayments as and when they are due, then no adverse action is expected to be taken.*

*Whilst a breach is possible in the severe downside scenario above, the Group's modelling of less severe scenarios indicated that there is no expected breach of third-party banking serviceability covenants.*

*The Group also has obligations under its facility agreement to maintain the debt secured by its investment properties at a level that is below an agreed percentage. A decrease in value arising from the uncertainty surrounding the COVID-19 pandemic is a possibility, but at this stage cannot be quantified or assessed with certainty. The Managers have reviewed the Group's borrowing levels against its investment properties and are satisfied that a drop of 15%, linked to a severe adverse impact, would be required to cause a breach of this covenant.*

*Based on the analysis and stress testing undertaken the Managers believe that it remains appropriate to prepare the financial statements on a going concern basis, acknowledging that the circumstances caused by the COVID-19 pandemic represent a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.*

*This could impact on ASE Holdings S.à r.l.'s ability to provide the necessary level of financial support to the LLP which represents a material uncertainty which may cast significant doubt over the LLP's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the LLP were unable to continue as a going concern.*

#### **Changes in accounting policy**

##### *New standards, interpretations and amendments effective for the current year*

*There have been no new standards, interpretations or amendments issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) during the current year that had a material impact on the LLP's accounting policies or disclosures during that year.*

##### *Standards and interpretations in issue not yet adopted*

*The IASB and IFRIC have issued or revised IFRS 3, IFRS 7, IFRS 9, IFRS 17, IAS 1, IAS 8 and IAS 39 but these are not expected to have a material effect on the LLP activities.*



## **Anglo Scandinavian Estates 1 LLP**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **1 Accounting policies (continued)**

##### **Revenue recognition**

Revenue represents rental income receivable from external customers at invoiced amounts less value added tax or other taxes on sales.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. When the LLP provides incentives to customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Income from property, which is derived from the rental of property held in United Kingdom, is accounted for on an accruals basis.

Interest revenue and costs are recognised in the statement of comprehensive income for all interest-bearing instruments on an accruals basis, unless collectability is in doubt.

Investment revenue is recognised when it accrues, unless collectability is in doubt.

##### **Borrowing costs**

Interest costs are charged against income without restriction. The LLP does not incur any other interest costs that qualify for capitalisation under IAS 23 Borrowing costs.

##### **Investment property**

Property held for long term rental yields which is not occupied by the LLP is classified as investment property. Investment property principally comprises land and buildings. Investment property is treated as a long term investment and is carried at fair value, determined annually. Fair value is the estimated price that should be received for selling an investment property in an orderly transaction between market participants at the measurement date and is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the statement of comprehensive income.

When the LLP decides to dispose of an investment property without development it continues to treat the property as an investment property. Similarly, if the LLP begins to redevelop or refurbish an existing investment property for continued future use as investment property, it remains an investment property.

Depreciation is not provided in respect of investment properties.

Acquisitions and disposals of investment properties are recognised on unconditional exchange of contracts where it is reasonable to assume at the balance sheet date that completion of the acquisition or disposal will occur. Gains on disposal are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous published balance sheet adjusted for any subsequent capital expenditure or capital receipts.

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 1 Accounting policies (continued)

##### Financial assets

The LLP classifies its financial assets into the categories listed below, depending on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The LLP has not classified any of its financial assets as held to maturity.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through the profit or loss:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss.

##### *Fair value through profit or loss*

The LLP's financial derivative instruments that are in-the-money are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The LLP does not hold or issue derivative instruments for speculative purposes, but for hedging purposes which are not designated as hedging instruments. Other than these derivative financial instruments, the LLP does not have any assets held for trading nor has it designated any financial assets as being at fair value through profit or loss.

##### *Receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through rental and service charge income from tenants (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that there will be expected credit losses of the full value of the trade receivables. The amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within revenue in the statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The LLP's receivables comprise trade and other receivables (including amounts owed by group undertakings) in the statement of financial position. Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 1 Accounting policies (continued)

##### *Cash and cash equivalent*

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows, bank overdrafts. Cash and cash equivalents are carried in the statement of financial position at amortised cost. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

##### **Impairment of financial assets**

##### **Measurement of Expected Credit Losses**

The LLP recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at fair value through the profit & loss, namely:

- Trade and other receivables
- Related party receivables

The LLP classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the LLP recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the LLP recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the LLP recognises the lifetime ECL.

For related party receivables, the LLP applies the simplified approach, which requires the expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses an assessment of whether the borrower has sufficient available liquid resources if the loan was called is made. In the case that there are insufficient available liquid resources, realisation scenarios of illiquid assets are used with estimated outcomes and probabilities of their occurrence to determine the expected credit losses.

For trade receivables, the LLP applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade and other receivables assets have been grouped based on shared credit risk characteristics and the days past due.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date. Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 1 Accounting policies (continued)

##### Impairment of assets

Assets including land that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. For the purpose of assigning impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

##### Financial liabilities

The LLP classifies its financial liabilities into one of the categories listed below:

##### *Fair value through profit or loss*

The LLP's financial derivative instruments that are out-of-the-money are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The LLP does not hold or issue derivative instruments for speculative purposes, but for hedging purposes which are not designated as hedging instruments. Other than these derivative financial instruments, the LLP does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

##### *Other financial liabilities*

Other financial liabilities include the following items:

- Bank borrowings and other loans are initially recognised at fair value net of any transaction costs directly attributable to the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs as well as any interest payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

## **Anglo Scandinavian Estates 1 LLP**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **1 Accounting policies (continued)**

##### **Fair value measurement hierarchy**

IFRS 13: Fair Value Measurement requires certain disclosures which require the classification of assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see notes 3 and 9). The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Fair value assets and liabilities are classified in their entirety into only one of the three levels.

##### **Members' capital**

Financial instruments issued by the LLP are treated as equity only to the extent that they do not meet the definition of a financial liability.

##### **Tax**

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP. The relevant income tax is the responsibility of the members of the LLP.

##### **Provisions**

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a rate reflecting current market assessments of the time value of money and the risk specific to the liability.

#### **2 Critical accounting judgements and key sources of estimation uncertainty**

The LLP makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 period are discussed below:

## **Anglo Scandinavian Estates 1 LLP**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### **Valuation of investment properties**

The LLP obtains valuations performed by external valuers or its managing agent, Commercial Estates Group Limited, in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

The methods and assumptions applied, and the valuation techniques used, are disclosed in note 9.

##### **Fair value of loans and borrowings**

The LLP determines the fair value of its loans and borrowings at the date of drawdown using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets.

##### **Application of IFRS 9 to related party loans**

In applying IFRS 9 to related party loan receivables, the ultimate parent company has provided a continuing letter of support outlining its expected intention to support any related party loans across the group. This is reliant on the group having the ability to realise sufficient liquid assets enabling a timely repayment of related party loans in the event of the loan being called. In determining the ability to realise sufficient liquid assets within of the group, the directors have used certain estimates and judgements in a variety of scenarios to calculate the present value of the future expected cash flows in the event a managed programme of realising the group's property assets occurs.

#### **3 Financial instruments - risk management**

##### **Financial risk factors**

The LLP is exposed through its operations to the following financial risks:

- Credit risk;
- Liquidity risk; and
- Interest rate risk.

In common with all other businesses, the LLP is exposed to risks that arise from its use of financial instruments. This note describes the LLP's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the LLP's exposure to financial instruments risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 3 Financial instruments - risk management (continued)

##### *Principal financial instruments*

The principal financial instruments used by the LLP from which financial instrument risk arises are as follows:

- Trade and other receivables;
- Cash at bank;
- Trade and other payables; and
- Bank and other loans.

A summary of the financial instruments held by category is provided below:

##### **Financial assets**

	<b>Financial assets at amortised cost</b>	
	<b>31 December 2019</b>	<b>31 December 2018</b>
	<b>£</b>	<b>£</b>
Trade and other receivables - <i>maturity within one year</i>	84,446	237,727
Related party receivables - <i>maturity within one year</i>	18,052,638	18,052,637
Cash and cash equivalents - <i>maturity within one year</i>	415,032	77,758
	<u>18,552,116</u>	<u>18,368,122</u>

##### **Financial liabilities**

	<b>Financial liabilities at amortised cost</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade and other payables - <i>maturity within one year</i>	390,048	424,858
Loan from group undertaking - <i>maturity within one year</i>	13,324,182	11,953,364
	<u>13,714,230</u>	<u>12,378,222</u>

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 3 Financial instruments - risk management (continued)

All of the LLP's financial liabilities designated at fair value through profit and loss are defined as level 2 in accordance with IFRS 13 as they are derived from inputs other than quoted prices which are observable for the instruments.

The members have overall responsibility for the determination of the LLP's risk management objectives and policies. The members receive quarterly reports through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies they set.

The overall objective of the members is to set policies that seek to reduce risks as far as possible without unduly affecting the LLP's competitiveness and flexibility. Further details regarding these policies are set out below:

##### *(i) Credit risk*

The LLP's exposure to credit risk arises from the potential financial loss if a tenant or counterparty to a financial instrument fails to meet its contractual obligations. It relates principally to the LLP's receivables from tenants and other third parties.

##### *Trade and other receivables*

The LLP's activities focus exclusively in United Kingdom and its exposure to credit risk, arising from trade and other receivables, is influenced by the individual characteristics of each tenant. The LLP operates a policy whereby the credit worthiness of each tenant is assessed prior to lease or pre-lease terms being agreed. The process includes reviewing financial information in the public domain. In certain cases, the LLP will require collateral in order to support these lease obligations. This usually takes the form of a rent deposit, parent company guarantee or bank guarantee. The LLP regularly receives reports on payment performance and intelligence on the continuing financial viability of tenants where rent collections are outsourced to managing agents. Arrears are monitored on a weekly basis and a strategy for dealing with significant potential defaults is presented on a timely basis to the members. Outstanding tenant balances are reviewed on a quarterly basis for impairment.

##### *(ii) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The LLP aims to maintain flexibility in funding by keeping committed credit lines available.

The LLP's liquidity position is monitored on a daily basis. The liquidity position is reviewed quarterly by the members.



## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 3 Financial instruments - risk management (continued)

31 December 2019	Carrying amounts £	Contractual Cash Flows £	Due in 2020 £	Due in 2021 £	Due after 2022 £	Due after 2023 £
Related party loans	13,324,182	13,324,182	13,324,182	-	-	-
Trade and other payables	390,048	390,048	390,048	-	-	-
	<u>13,714,230</u>	<u>13,714,230</u>	<u>13,714,230</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2018	Carrying amounts £	Contractual Cash Flows £	Due in 2019 £	Due in 2020 £	Due after 2021 £	Due after 2022 £
Related party loans	11,953,364	11,953,364	11,953,364	-	-	-
Trade and other payables	424,858	424,858	424,858	-	-	-
	<u>12,378,222</u>	<u>12,378,222</u>	<u>12,378,222</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### (iii) Interest rate risk

The LLP uses interest rate swaps and similar instruments to manage its interest rate exposure on external borrowings (note 13).

#### Capital risk management

The members monitor the capital needs of the LLP on an ongoing basis and formally on a quarterly basis the equity, debt and overall capital position of the LLP. The members monitor the LLP's capital specifically by reviewing the bank debt loan to value and interest cover ratios. The LLP ensures that the overall loan to value (being total bank debt divided by total assets) of the LLP does not exceed that set down in the LLP's banking arrangements.

#### 4 Segmental information and revenue

During the year, the LLP operated in and was managed as one business segment, being property investment, with all investment properties located in United Kingdom. The members review quarterly reports which are prepared on a basis that aggregates the performance of all properties and focuses on total returns on members' capital. Revenue consists of rental income receivable from third parties in United Kingdom.

	2019 £	2018 £
Rental income from investment property	<u>-</u>	<u>484,462</u>

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 5 Operating expenses

	2019 £	2018 £
Legal and professional	34,844	23,017
Empty property costs/(recovery)	121,011	61,735
Repairs and maintenance (net of tenant contributions)	28,227	13,396
Provision for bad debts	(11,496)	(22,407)
Marketing	6,685	12,364
	<u>179,271</u>	<u>88,105</u>

#### 6 Operating loss

The auditors' remuneration has been borne by a fellow group undertaking.

The LLP had no employees during the year (2018 - Nil). Other than a £20,000 (2018 - £20,000) management fee paid to Anglo Scandinavian Estates Company Limited, no member received any remuneration during the year (2018 - £ Nil). The average number of members in the year was 2 (2018 - 2) both of whom were designated members.

#### 7 Finance income and costs

	2019 £	2018 £
<b>Finance income</b>		
Interest income on bank deposits	939	2,417
Intercompany interest receivable	454,012	418,008
Other interest	-	22
Total finance income	<u>454,951</u>	<u>420,447</u>
<b>Finance costs</b>		
Interest on bank overdrafts and borrowings	-	(28,045)
Borrowing costs included in cost of qualifying asset	-	(190,585)
Interest on loans from group undertakings	<u>(1,509,738)</u>	<u>(998,488)</u>
Total finance costs	<u>(1,509,738)</u>	<u>(1,217,118)</u>
Net finance costs	<u>(1,054,787)</u>	<u>(796,671)</u>

#### 8 Taxation

The financial statements do not include any charges or liabilities for taxation on the results of the LLP as the relevant income tax and any tax on capital gains is the responsibility of the individual partners.

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 9 Investment properties

	Freehold investment properties £
<b>Year ended 31 December 2019</b>	
At 1 January 2019	1,685,000
Additions	29,832
Fair value adjustments	<u>(214,832)</u>
At 31 December 2019	<u>1,500,000</u>
	Freehold investment properties £
<b>Year ended 31 December 2018</b>	
At 1 January 2018	20,765,000
Additions	106,347
Disposals	(20,020,114)
Fair value adjustments	<u>833,767</u>
At 31 December 2018	<u>1,685,000</u>

Investment properties held at 31 December 2019 have been externally valued at fair value by Allsop LLP, who are members of the Royal Institute of Chartered Surveyors. As at 31 December 2019, the total fair value of the property was estimated to amount to £1,500,000 (2018 - £1,685,000).

The investment property has been valued using a yield methodology approach using unobservable inputs (level 3). The significant unobservable inputs used in the valuation at 31 December 2019 are the estimated rental value (ERV) of the property and the market capitalisation rate (yield). The ERV has been determined by reference to rents currently achieved on existing leases and the rents being asked by landlords advertising properties of a similar specification in that geographical region.

The market capitalisation rate has been determined by reference to actual market transactions for properties in that region, with adjustment made to reflect the particular characteristics of the LLP's property. The resulting valuations are then cross checked against the initial yields and the fair market values per square foot derived from these actual market transactions.

A decrease in the ERV or an increase in the market capitalisation rate will decrease the fair value of the investment property.

The historic cost of investment properties is £1,067,498 (2018: £1,097,331).

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 9 Investment properties (continued)

Included within the carrying value of investment properties at 31 December 2019 is £ Nil (2018 - £85,000) in respect of the smoothing of lease incentives over the contractual lease term. The difference between rents on a straight line basis and rents actually receivable is included within, but does not increase, the carrying value of investment properties. The effect of this adjustment on the revaluation movement is as follows:

	2019 £	2018 £
Revaluation movement	(214,832)	833,767
Movement in rent smoothing adjustment	-	85,000
<b>Revaluation movement in the income statement</b>	<u>(214,832)</u>	<u>918,767</u>

#### 10 Trade and other receivables

	31 December 2019 £	31 December 2018 £
<b>Amounts falling due within one year:</b>		
Trade receivables	6,723	11,851
Provision for impairment of trade receivables	-	(4,377)
Net trade receivables	6,723	7,474
Other receivables	77,723	230,253
Amounts owed by related parties	<u>18,052,638</u>	<u>18,052,637</u>
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	18,137,084	18,290,364
Tax and social security	<u>1,148</u>	<u>49,403</u>
<b>Total current trade and other receivables</b>	<u>18,138,232</u>	<u>18,339,767</u>

Fair value approximates to book value at 31 December 2019 and 2018 as credit risk has been addressed as part of the impairment provisioning and due to the receivables not being subject to ongoing fluctuations in market rates as a result of their short term nature.

The LLP has assessed the credit risk of amounts owed by related parties under IFRS 9 and determined the expected credit losses to be immaterial due to the borrower being able to repay the loans through the disposal of the borrower's assets over time or due to the ultimate parent company providing a continuing letter of support outlining its intention to support any related party loans within the group. The support from the ultimate parent company may require an asset sale for which certain scenarios have been adopted including a managed sale achieving property book value over 6 months and a sale over 3 months being at a 10% discount to book value. Such support may also involve the recapitalisation of certain entities through the introduction of additional equity.

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 10 Trade and other receivables (continued)

The LLP applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the LLP's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the LLP's tenants.

As at 31 December 2019 the lifetime expected loss provision for trade receivables is as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	More than 150 days past due	More than 180 days past due	Total
Expected loss rate (%)	2.5%	26.8%	35.3%	44.8%	55.2%	63.6%	100.0%	100.0%
Gross carrying amount* (£)	-	-	-	-	-	-	-	-
Loss provision (£)	-	-	-	-	-	-	-	-
Specific lifetime credit provision (£)	-	-	-	-	-	-	-	-

As at 31 December 2018 the lifetime expected loss provision for trade receivables is as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	More than 150 days past due	More than 180 days past due	Total
Expected loss rate (%)	1.6%	20.8%	29.1%	42.3%	53.8%	62.2%	100.0%	
Gross carrying amount* (£)	-	-	-	-	-	-	4,377	4,377
Loss provision (£)	-	-	-	-	-	-	4,377	4,377
Specific lifetime credit provision (£)	-	-	-	-	-	-	-	-

\* Gross carrying amount used in the provision matrix excludes certain balances such as purchase ledger debits.

As at 31 December 2019, trade receivables of £ Nil (2018 - £ Nil) had lifetime expected credit losses of the full value of the receivables.

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 11 Loans and borrowings

The book value of loans and borrowings are as follows:

	31 December 2019 £	31 December 2018 £
<b>Current</b>		
Amounts due to related parties	<u>13,324,182</u>	<u>11,953,364</u>
<b>Total loans and borrowings</b>	<u><u>13,324,182</u></u>	<u><u>11,953,364</u></u>

The ageing analysis of these loans and borrowings is as follows:

	2019 £	2018 £
Within one year	<u>13,324,182</u>	<u>11,953,364</u>

Fair value approximates to book value at 31 December 2019 and 2018 as the interest payments on the loans and borrowings are based on commercial terms and market rates which are not considered to have substantially changed since the loan agreements were entered into.

#### 12 Trade and other payables

	31 December 2019 £	31 December 2018 £
Trade payables	12,412	54,938
Other payables	364,244	338,053
Accrued expenses	<u>13,392</u>	<u>31,867</u>
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liability measured at amortised cost</b>	<u>390,048</u>	<u>424,858</u>
<b>Total trade and other payables</b>	<u><u>390,048</u></u>	<u><u>424,858</u></u>

Due to the short term nature of the payables, they are not subject to ongoing fluctuations in market rates, and so the fair value approximates to book value at 31 December 2019 and 2018.

Maturity analysis of the financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost, is as follows (the amounts shown are undiscounted and represent the contractual cash flows):

	2019 £	2018 £
Up to one year	<u><u>390,048</u></u>	<u><u>424,858</u></u>

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 12 Trade and other payables (continued)

Trade payables are interest free and have settlement dates within one year.

#### 13 Financial instruments

The LLP uses derivative financial instruments to manage its exposure to interest rate movements on certain of its interest bearing loans and borrowings. The fair value of these instruments is recorded in the statement of financial position and is determined by the issuing banks.

Derivative financial liabilities - interest rate swap

	31 December 2019 £	31 December 2018 £
Fair value at 1 January	-	575,152
Fair value movement	-	302,795
Disposal	-	(877,947)
Fair value at 31 December	-	-

All interest rate swap instruments are non current. The terms of the LLPs interest rate swap is detailed below.

#### 2019

No swaps held as at 31 December 2019.

#### 2018

No swaps held as at 31 December 2018.

#### 14 Notes supporting statement of cash flows

Cash and cash equivalents for the purpose of the statement of cash flows comprises:

	31 December 2019 £	31 December 2018 £
Cash at bank	415,032	77,758

## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 14 Notes supporting statement of cash flows (continued)

Non-cash transactions from financing transactions are shown in the reconciliation of liabilities from financing transactions below:

	Non-current loans and borrowings £	Current loans and borrowings £	Total £
<b>At 1 January 2019</b>	-	11,953,364	11,953,364
Cash flows	-	475,092	475,092
<b>Non-cash flows</b>			
Interest accruing in period	-	895,726	895,726
<b>At 31 December 2019</b>	-	13,324,182	13,324,182
<b>At 1 January 2018</b>	1,354,854	10,747,635	12,102,489
Cash flows	(1,354,854)	434,663	(920,191)
<b>Non-cash flows</b>			
Amortisation of loan issue costs	-	190,585	190,585
Interest accruing in period	-	580,481	580,481
<b>At 31 December 2018</b>	-	11,953,364	11,953,364

#### 15 Reserves

##### Members' capital

Amount subscribed for capital in line with the LLP agreement.

##### Revaluation reserve

Cumulative net gains and losses recognised on investment properties.

##### Other reserves

Other cumulative net gains and losses recognised in the statement of comprehensive income less amounts distributed to members.

#### 16 Related party transactions

Entities forming part of the group headed by ASE Holdings S.à.r.l, the ultimate parent company of the LLP, are considered by the members to be related parties.

Transactions with related parties are entered into on a regular basis as a result of normal commercial transactions. The following significant transactions were carried out by the LLP with related parties during the current period:



## Anglo Scandinavian Estates 1 LLP

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 16 Related party transactions (continued)

	Interest payable by/(to) related parties during the period ended 31 December 2019 £	Amounts owed from/(to) related parties as at 31 December 2019 £
ASE Finance S.à.r.l – loan (Incorporated in Luxembourg)	(651,559)	(5,352,932)
ASE Finance S.à.r.l – working capital (Incorporated in Luxembourg)	(699,148)	(6,029,933)
ASE Finance S.à.r.l – other loans (Incorporated in Luxembourg)	294,981	15,255,045
Anglo Scandinavian Estates Company Limited- working capital (Incorporated in England and Wales)	-	3,421
Anglo Scandinavian Estates Company Limited (Incorporated in England and Wales)	-	(120,000)
ASE RE A LLP (Incorporated in England and Wales)	-	877,947
Anglo Scandinavian Estates LLP (Incorporated in England and Wales)	-	(25,092)
	<hr/>	<hr/>
	Interest payable by/(to) related parties during the period ended 31 December 2018 £	Amounts owed from/(to) related parties as at 31 December 2018 £
ASE Finance S.à.r.l – loan (Incorporated in Luxembourg)	(651,559)	(5,352,932)
ASE Finance S.à.r.l – working capital (Incorporated in Luxembourg)	(266,927)	(5,579,933)
ASE Finance S.à.r.l – other loans (Incorporated in Luxembourg)	338,006	16,150,771
Anglo Scandinavian Estates Company Limited- working capital (Incorporated in England and Wales)	-	3,420
Anglo Scandinavian Estates Company Limited (Incorporated in England and Wales)	-	(100,000)
ASE RE A LLP (Incorporated in England and Wales)	-	877,947
	<hr/>	<hr/>
	<b>2019</b> £	<b>2018</b> £
<b>Members' capital provided by:</b>		
Anglo Scandinavian Estates LLP	17,284,632	17,284,632
Anglo Scandinavian Estates Company Limited	1	-
	<hr/>	<hr/>
	17,284,633	17,284,632

## **Anglo Scandinavian Estates 1 LLP**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **16 Related party transactions (continued)**

During the year the LLP incurred management fees of £20,000 (2018 - £20,000) from Anglo Scandinavian Estates Company Limited.

The entities listed above are all members of the group headed by ASE Holdings S.à.r.l (see note 17).

The LLP also incurred management fees of £19,651 (2018: refund of £35,614) from Commercial Estates Group Limited, the managing agent.

Commercial Estates Group Limited is considered to be a related party since one of the company's ultimate beneficial owners is also one of the beneficial owners of ASE Holdings S.à.r.l, the ultimate parent company of Anglo Scandinavian Estates 1 LLP.

#### **17 Controlling party information**

The immediate controlling member is Anglo Scandinavian Estates LLP, an LLP incorporated in England and Wales. There is no single ultimate controlling party.

ASE Holdings S.à.r.l is the parent of the largest and smallest group for which consolidated accounts are publicly available and in which the results of the LLP are consolidated. These accounts are available from that company's registered address which is 8, Rue Lou Hemmer, L-1748, Senningerberg, Grand Duchy of Luxembourg.

#### **18 Non adjusting events after the financial period**

As further described in note 1, subsequent to the balance sheet date, the spread of COVID-19 has impacted on the ability of the LLP and Group, of which the LLP is a subsidiary, to collect rental receipts as planned. This has had an adverse impact on the LLP's and Group's profit generation. The impact, if any, on the valuation of the LLP's and Group's investment properties and LLP's intercompany debt cannot be estimated with any certainty at this time.