Cannon Capital Developments Limited

Registered No: 09540923

Report and Financial Statements

31 December 2019

Directors
S Jones
M Smith
M Wilson

Secretary
M Wilson

Auditors
BDO LLP
55 Baker Street
London
W1U 7EU

Registered Office
Cambridge House
47 Clarendon Road
Watford
WD17 1HP

Directors' report

The Directors present their annual report with the accounts of the Company for the year ended 31 December 2019.

Principal activities

The principal activity of the Company is management services for property development.

Review of business

As shown in the Company's Statement of Comprehensive Income for the year ended 31 December 2019 on page 8, the Company's revenue was £40,920 (2018: £172,943) and the Company incurred a loss before tax of £2,554,754 (2018: profit of £329).

The balance sheet on page 10 shows the financial position at 31 December 2019.

Going concern

The balance sheet as at the year-end showed net liabilities of £2,552,363 and net current liabilities of £1,831,886.

In light of the current pandemic, the Company has reviewed its business model and supply chain and note that whilst there may be some disruptions to its supply chain due to illness this is not currently believed to have a material impact on its ability to continue to operate.

The Directors have reviewed the forecast cash flows of the Company and are satisfied that the Company will be able to meet its obligations as they fall due for at least the next 12 months from the date of approval of the Company's 31 December 2019 balance sheet.

As a result of the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The Company is a wholly owned subsidiary of Mapeley Limited and operates within the property investment segment of the Mapeley Limited group (Mapeley Limited and its subsidiaries).

Risk management is undertaken at the Mapeley Limited group level and details are based upon three principles. Business risks are identified, quantified, prioritised and managed to an acceptable level. An adequate and effective system of internal control is established and maintained. The system of internal control is reviewed regularly resulting in specific actions to improve risk management.

Specific risks to this company are as follows:

Going Concern: The financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as and when they fall due. The Company incurred a net loss before tax of £2,554,754 and at 31 December 2019 had net current liabilities of £1,831,886 and net liabilities of £2,552,363. The Company has received a letter of support from its immediate parent company, Mapeley U.K. Co. Limited, confirming that it will provide financial support for a period of 12 months from the date of approval of these financial statements.

Interest rate risk: The Company is exposed to the risk of changes in the prevailing interest rates. This risk occurs on its drawn-down borrowings and on any refinancing of debt in the future. Any movements in the interest rate could result in the Company's interest expense exceeding the net income from its property development activities. This risk is substantially mitigated by financing the Company's operations with fixed rate debt and the sustained low interest environment.

Credit risk: The Company incurs property development expenditure which will be recharged to group undertakings in future periods, and is therefore exposed to any changes in the creditworthiness of these entities. For the year ended 31 December 2019 the Mapeley Group had net assets of £282.9 million, and derives 85.1% of Group total turnover from contractual payments made to the Group by Government Agencies (i.e. HMRC and the Home Office) and Santander, rated AA and A respectively (by Standard & Poor's long-term rating).

Further details on the Company's financial risk management policies are set out in note 15 to the financial statements.

Directors' report (continued)

Results and dividends

The Statement of Comprehensive Income for the year ended 31 December 2019 is set out on page 8. The result for the year and the financial position at the year-end were considered satisfactory by the Directors. The loss for the year before taxation was £2,554,754 (2018: profit of £329).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

Directors

The Directors who served during the year were as follows:

S Jones
M Smith
M Wilson

None of the Directors held any interest in the shares of the Company at any time during the year.

Debt financing

Information on the Company's borrowings and financial risk management objectives and policies is set out in note 15 to the financial statements.

Political and charitable donations

The Company did not make any political or charitable donations during the year to 31 December 2019 (2018: £nil).

Environmental policy

The Company adheres to the environmental policy of the Mapeley Limited group of companies. The Company is committed to the identification of all areas of environmental impact. The Company will strive to minimise or prevent any negative environmental impact from its activities.

Directors' liability insurance

The Mapeley Limited group of companies holds Directors' liability insurance with XL Catlin Insurance Company UK Limited.

Events after the balance sheet date

Events after the balance sheet date are set out in note 20 of these financial statements.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Small Company provisions

This report has been prepared in accordance with the provision applicable to companies entitled to the small companies exemption.

By order of the Board

S Jones
Director
29 September 2020

Statement of Directors' responsibilities

Directors' responsibilities for the financial statements

The Directors prepare the Company financial statements in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors accept responsibility for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- stating whether applicable accounting standards have been followed; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with Financial Reporting Standard 102. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the shareholders of Cannon Capital Developments Limited

Opinion

We have audited the financial statements of Cannon Capital Developments Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash flows, and the 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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.

Independent auditor's report to the shareholders of Cannon Capital Developments Limited (continued)

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the shareholders of Cannon Capital Developments Limited (continued)

Use of our report

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

BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
29 September 2020

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

Statement of Comprehensive Income

for the year ended 31 December 2019

	Note	2019	2018
		£	£
Revenue	3	40,920	172,943
Costs of sale		(41,262)	(172,614)
Net rental and related (loss) / income		(342)	329
Administrative and other expenses		(2,400,000)	-
Operating (loss) / profit		(2,400,342)	329
Finance cost	6	(400,130)	-
Finance income	6	245,718	-
(Loss) / profit before tax		(2,554,754)	329
Corporation tax charge	7	-	-
(Loss) / profit for the year attributable to equity holders of the Company		(2,554,754)	329

There is no other Comprehensive Income in the year; the total Comprehensive Income is represented by the (loss) / profit for the year.

Statement of Changes in Equity

for the year ended 31 December 2019

	Issued capital	Accumulated profits / (losses)	Total Equity
	£	£	£
At 1 January 2019	100	2,291	2,391
Loss for the year	-	(2,554,754)	(2,554,754)
At 31 December 2019	100	(2,552,463)	(2,552,363)

	Issued capital	Accumulated profits	Total Equity
	£	£	£
At 1 January 2018	100	1,962	2,062
Profit for the year	-	329	329
At 31 December 2018	100	2,291	2,391

Balance Sheet - as at 31 December 2019

Registered Number: 09540923

	Note	2019	2018
		£	£
ASSETS			
Non-current assets			
Other receivables	9	2,739,752	-
Investments	10	100	100
Total non-current assets		**2,739,852**	**100**
Current assets			
Trade and other receivables	9	3,381,799	209,428
Cash and short-term deposits	8	533,703	-
Total current assets		**3,915,502**	**209,428**
TOTAL ASSETS		**6,655,354**	**209,528**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Cannon Capital Developments Limited			
Share capital	11	100	100
Accumulated profits / (losses)		(2,552,463)	2,291
TOTAL EQUITY		**(2,552,363)**	**2,391**
Non-current liabilities			
Interest-bearing liabilities	13	3,300,000	-
Trade and other payables	12	160,329	-
Total non-current liabilities		**3,460,329**	**-**
Current liabilities			
Interest-bearing liabilities	13	2,500,000	-
Trade and other payables	12	3,247,388	207,137
Total current liabilities		**5,747,388**	**207,137**
TOTAL LIABILITIES		**9,207,717**	**207,137**
TOTAL EQUITY AND LIABILITIES		**6,655,354**	**209,528**

Approved by the Board of Directors on 29 September 2020 and signed on its behalf by:

S Jones

Director

Statement of Cash Flows

for the year ended 31 December 2019

	Note	2019	2018
		£	£
Cash flows from operating activities			
(Loss) / profit before tax		(2,554,754)	329
Adjustment for:			
Net finance costs		154,412	-
Operating (loss) / profit before changes in working capital		**(2,400,342)**	**329**
Increase in trade and other receivables		(3,172,371)	(207,137)
Increase in trade and other payables		2,800,500	206,808
Cash outflows from operating activities		**(2,772,213)**	-
Cash flows from financing activities	17		
Proceeds from new loans		5,800,000	-
New loan to group undertaking		(2,500,000)	-
Interest income		5,916	-
Cash inflows from financing activities		**3,305,916**	-
Net increase in cash and short-term deposits		533,703	-
Cash and short-term deposits at 1 January		-	-
Cash and short-term deposits at 31 December	8	**533,703**	-

Notes to the audited financial statements

for the year ended 31 December 2019

1. General information

The address of the Company's registered office and the principal activities of the Company are set out in the introduction on page 1 and the Directors' report on page 2 respectively.

2.1 Basis of preparation

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland", and Companies Act 2006 on the historical cost basis, except for investment property which has been measured at fair value.

The Company is exempt from preparing consolidated financial statements as both the Company and the Group headed by it, qualify as small as defined by section 383 of the Companies Act 2006.

For the year ended 31 December 2019 the Company has changed its accounting framework from International Financial Reporting Standards (IFRS) to FRS 102. For the year ended 31 December 2019 the prior year financial statements were restated for material adjustments on adoption of FRS 102 and the impact of the transition is shown in note 19.

The financial statements are presented in pounds sterling. The functional currency of the Company is pounds sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying Company accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.3.

Going Concern

The balance sheet as at the year-end showed net liabilities of £2,552,363 and net current liabilities of £1,831,886. The Company has received a letter of support from its immediate parent company, Mapeley U.K. Co. Limited, confirming that it will provide financial support for a period of 12 months from the date of approval of these financial statements.

In light of the current pandemic, the Company has reviewed its business model and supply chain and note that whilst there may be some disruptions to its supply chain due to illness this is not currently believed to have a material impact on its ability to continue to operate.

The Directors have reviewed the forecast cash flows of the Company and are satisfied that the Company will be able to meet its obligations as they fall due for at least the next 12 months from the date of approval of the Company's 31 December 2019 balance sheet.

As a result of the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Statement of compliance

The financial statements of Cannon Capital Developments Limited have been prepared in accordance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2019. In preparing annual financial statements, the accounting principles applied reflect the amendments to FRS 102 which have become effective since 1 January 2019 as described below.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

2.1 Basis of preparation (continued)

FRS 102 amendments

The following FRS 102 amendments are applicable from 1 January 2019;

- Paragraph 16.4A: inclusion of the option to measure property leased to group entities under the cost model within Section 17 Property, plant and equipment.
- Paragraph 16.7: removal of the undue cost and effort exemption for the fair valuation of investment properties.

None of these amendments have had a material impact on the financial statements of the Company.

There are currently no further amendments to FRS 102 which are effective for periods beginning after 1 January 2019.

2.2 Summary of significant accounting policies

The principle accounting policies applied to the financial statements for the year ended 31 December 2019 are described below. For the year ended 31 December 2019 the Company has changed its accounting framework from International Financial Reporting Standards (IFRS) to FRS 102. Where this has resulted in a material change from the accounting policy applied in the preceding year this is described as appropriate.

Revenue

The Company has two business segments, investment in real estate, and the provision of management services for property development.

The Company operates in a single geographical market, the UK.

Revenue recognised in the income statement represents amounts receivable from group companies net of VAT and other sales related taxes, as follows:

Property development services

Management fees relate to income for the provision of management services to other group companies. It is recognised in the accounts on an accruals basis as the services are delivered.

Rental income receivable under operating leases

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent income which is recognised when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the term of the lease, even if the payments are not made on such a basis. The term of the lease is defined as the non-cancellable period of the lease plus any further terms for which the lessee has the option to continue to lease the asset when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

Premiums received to terminate leases are recognised in the income statement when they arise, any premiums received to amend leases are spread over the remaining lease term.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

2.2 Summary of significant accounting policies (continued)

Work in progress

The Company incurs development fees from third parties in respect of properties owned and operated by group undertakings. The fees incurred are considered work in progress until the point in time they are invoiced to the appropriate entity.

Work in progress is held at the lower of cost and net realisable value. Cost comprises that of feasibility studies, design and planning fees. The net realisable value constitutes cost plus a margin, inclusive of overheads.

Work in progress is considered by the Directors to be a current asset as the expectation is that the fees incurred will be recharged to the appropriate group undertakings within the next 12 months.

Investment property

Freehold property held to earn rent or for capital appreciation or both is classified as investment property. Property held under finance leases for similar purposes is also classified as investment property.

Investment property is measured initially at cost, including transaction costs, and thereafter is stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment property are included in the income statement in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

In accordance with FRS 102, depreciation is not provided for on investment properties.

Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and expected recoverable amount. A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned. Balances are written off based on the forecast loss which the Company believes is likely to arise.

Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at bank, short-term deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Finance income

Finance income is the interest earned on cash held in bank accounts and in respect of funds loaned to group entities, and is recognised in the accounts on an accruals basis.

Financial instruments

As permitted under FRS 102 the Company has chosen to apply the recognition and measurement criteria of IFRS 9 Financial Instruments, accordingly, all financial assets and liabilities of the Company have been classified as being held at amortised cost.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Interest and non-interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of consideration received less directly attributable transactions costs.

After initial recognition, interest and non-interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Borrowing costs are recognised in the income statement using the effective interest rate method.

Impairment of assets

The Company assesses, at each reporting date, whether there is any indication that an asset may be impaired. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows of the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined if no impairment loss had been recognised. Such reversals are recognised in the income statement.

Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

2.2 Summary of significant accounting policies (continued)

Deferred taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax assets and liabilities are measured 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 and tax laws that have been enacted or substantively enacted at the balance sheet date.

Tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in accordance with FRS 102 requires estimates and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the period. The Directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgements and assumptions involved in its financial reporting are reasonable. Accounting estimates made by the Company's Directors are based on historical experience and on information available to them at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions.

There are no accounting policies that are subject to significant estimates and assumptions for the current or preceding year.

3. Revenue

	2019	2018
	£	£
Rental income	-	329
Development management fees	40,920	172,614
	40,920	172,943

4. Operating profit

The audit fee for the Company for the current and preceding year has been borne by other companies in the Mapeley Group.

5. Director's remuneration and employee's benefits expense

The directors of Cannon Capital Developments Limited did not receive any emoluments in respect of their services to Company (2018: nil).

No staff are employed by Cannon Capital Developments Limited (2018: none). Staff who perform administrative work for the Company are employed and remunerated by Mapeley Estates Limited, a company in the Mapeley Limited group of companies, of which the Company is a member, as set out in note 18.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

6. Finance costs and finance income

	2019	2018
Finance costs	£	£
Bank charges	50	-
Intercompany loan interest	400,080	-
	400,130	-

	2019	2018
Finance income	£	£
Bank interest income	1,237	-
Other interest income	4,729	-
Intercompany loan interest	239,752	-
	245,718	-

7. Corporation tax charge

a) Tax on (loss) / profit on ordinary activities

The components of corporation tax for the years ended 31 December 2019 and 2018 are:

	2019	2018
	£	£
Current tax charge in the income statement	-	-
Deferred tax		
Total deferred tax charge	-	-
Total tax charge in the income statement	-	-

b) Reconciliation of current tax charge

	2019	2019	2018	2018
	%	£	%	£
(Loss) / profit before tax	100.0	(2,554,754)	100.0	329
At the corporation tax rate applicable to the Company	19.0	(485,403)	19.0	62
Expenses not deductible for tax purposes	(3.0)	76,015	-	-
Group relief: current year losses surrendered/(claimed) for nil receipt / (payment)	(16.0)	409,388	(19.0)	(62)
At effective corporation tax rate of 0.0% (2018: 0.0%)	-	-	-	-

The corporation tax rate applied to the Company's (loss) / profit for the year ended 31 December 2019 was 19.0% (2018: 19.0%).

c) Deferred tax

The Company has no recognised or unrecognised deferred tax balances as at 31 December 2019 or 31 December 2018.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

8. Cash and short-term deposits

Cash and short-term deposits earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits at 31 December are as follows:

	2019	2018
	£	£
Cash held at bank for operational purposes	533,703	-

9. Trade and other receivables

	2019	2018
	£	£
Non-Current		
Amounts owed by group undertakings (note 18)	2,500,000	-
Interest on amounts owed by group undertakings	239,752	-
	2,739,752	-
Current		
Amounts owed by group undertakings (note 18)	2,390	209,428
VAT	152,327	-
Other debtors	9,798	-
Work in progress	3,217,284	-
	3,381,799	209,428

As at 31 December 2019 no receivables were impaired and provided for (2018: £nil).

10. Investments

	2019	2018
	£	£
Investment in subsidiaries	100	100

The movement in investments during the year to 31 December 2019 and the year to 31 December 2018 is as follows:

	2019	2018
	£	£
As at 1 January	100	-
Additions	-	100
As at 31 December	100	100

During the year ended 31 December 2018, the Company acquired the entire share capital of a newly incorporated entity, Ogle Road Developments Limited.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

10. Investments (continued)

The Company held an investment in the following subsidiary at the balance sheet date.

Entity	Principal activity	Country of incorporation	Date of incorporation	Company registration	Holding
Ogle Road Developments Limited	Property Development	United Kingdom	30 May 2018	11388509	100%

The registered office of the entity above is; Cambridge House, 47 Clarendon Road, Watford, WD17 1HP.

The Directors have considered the carrying value of the Company's investments as at 31 December 2019, no impairment is deemed to be required (2018: £nil).

The Company is exempt from preparing consolidated financial statements in accordance with section 399 2A of Companies Act 2006 as the Company is subject to the small companies' regime. The net assets and result for the year of subsidiaries not consolidated are summarised below:

	2019	2018
Ogle Road Developments Limited		
Net assets	38,221	100
Profit for the year ended 31 December	38,121	-

11. Issued capital and reserves

The Company has one hundred ordinary shares of £1 in issue which were issued on incorporation on 14 April 2015. It has no other reserves.

	2019	2019	2018	2018
Authorised	*No. of ordinary shares*	*£*	*No. of ordinary shares*	*£*
Ordinary shares of £1 each	100	100	100	100
Issued	*No. of ordinary shares*	*£*	*No. of ordinary shares*	*£*
Ordinary shares of £1 each	100	100	100	100

12. Trade and other payables

	2019	2018
Non-current	£	£
Accrued interest on intercompany loans	160,329	-
Current		
Intercompany payables (note 18)	1,899,454	207,137
Trade creditors	44,843	-
Accrued interest on intercompany loans	239,751	-
Accruals and deferred income	1,063,340	-
	3,247,388	207,137

Accruals and deferred income include an amount of £nil (2018: £nil) in respect of deferred income.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

13. Interest-bearing loans and borrowings

The table below sets out the company's interest-bearing loans and borrowings as at 31 December 2019 and 2018.

	Effective interest rate %	Maturity	2019 £	2018 £
Non-current				
Mapeley Columbus II Limited	10.0%	April 2021	3,300,000	-
Current				
Mapeley Columbus II Limited	10.0%	December 2020	2,500,000	-

Loans from related party

During 2019 the Company entered into a new loan agreement with Mapeley Columbus II Limited. The facility allows the Company to borrow up to £3,000,000. The loan expires on 31 December 2020 and interest is charged at a rate of 10%. As at 31 December 2019 £2,500,000 was drawn down under this loan agreement.

In addition, a second loan was agreed with Mapeley Columbus II Limited in order to borrow further funds of up to £5,000,000. The loan has an expiry date of 30 April 2021 and interest is charged at a rate of 10%. As at 31 December 2019, £3,300,000 was drawn down under this loan agreement.

14. Commitments and contingencies

Capital commitments

The Company has no commitments to purchase, construct or develop investment property or property, plant and equipment (2018: £nil). The Company has no further commitments relating to repairs, maintenance or enhancements in respect of investment property as at 31 December 2019 (2018: £nil).

Operating lease commitments - Company as lessor

Future minimum rentals receivable under other non-cancellable operating leases as at 31 December 2019 and 31 December 2018 are £nil.

15. Financial risk management objectives and policies and capital management

The Company's principal financial instruments comprise loans from group undertakings and cash. The main purpose of these financial instruments is to finance the Company's trading requirements. The Company may have various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

Interest rate risk

The Company's policy is to manage its interest cost using a high proportion of fixed rate debt. All of the Company's loans are currently at fixed rates of interest in order to eliminate the exposure to interest rate risk. Other receivables and payables are non-interest bearing.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

15. Financial risk management objectives and policies and capital management (continued)

Credit risk

The Company currently only trades with other companies in the Mapeley Limited Group.

In the year ended 31 December 2019 and the year ended December 2018 the vast majority of the Company's revenue was derived from Ogle Road Developments Limited, a wholly owned subsidiary.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of intra-group borrowing from group undertakings.

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December based upon contractual undiscounted payments:

Year ended 31 December 2019	Less than 1 month £	1 to 3 months £	3 to 12 months £	1 to 5 years £	> 5 years £	Total £
Related party loans	-	-	2,500,000	3,300,000	-	5,800,000
Interest payable on related party loans	-	145,000	435,000	110,000	-	690,000
Trade and other payables	3,007,637	-	160,329	239,751	-	3,407,717

Year ended 31 December 2018	Less than 1 month £	1 to 3 months £	3 to 12 months £	1 to 5 years £	> 5 years £	Total £
Trade and other payables	207,137	-	-	-	-	207,137

The above analysis is based upon contractual undiscounted payments. Trade and other payables exclude deferred income.

16. Financial instruments

Fair values

As permitted under FRS 102 the Company has chosen to apply the recognition and measurement criteria of IFRS 9 Financial Instruments, accordingly, all financial assets and liabilities of the Company have been classified as being held at amortised cost.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

17. Reconciliation of assets and liabilities arising from financing activities

The table below details the changes in the Company's assets and liabilities arising from financing activities, including both cash and non-cash changes. Assets and liabilities arising from financing activities are those for which cash flows, or future cash flows, will be classified in the Company's Statement of cash flows as cash flows from financing activities.

Assets	Related party loans	Total
Cash changes	£	£
At 1 January 2019	-	-
New loan issued	2,500,000	2,500,000
At 31 December 2019	2,500,000	2,500,000

Liabilities	Related party loans	Total
Cash changes	£	£
At 1 January 2019	-	-
Proceeds from new loans	5,800,000	5,800,000
At 31 December 2019	5,800,000	5,800,000

18. Related party disclosures

Parent and control

The immediate parent company is Mapeley U.K. Co. Limited. The parent undertaking of the smallest and largest group of which the Company is a member and for which group financial statements are prepared is Mapeley Limited, a company incorporated in Guernsey.

The Company has taken advantage of the exemption provided by paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned subsidiaries of the Mapeley Limited Group.

Amounts owed by and owing to Group companies

Loans owed by subsidiary undertakings

	2019	2018
	£000	*£000*
Ogle Road Developments Limited	2,500,000	-
Accrued interest on intercompany loan	239,752	-
	2,739,752	-

During the year to 31 December 2019 a new loan was agreed with a subsidiary undertaking, Ogle Road Developments Limited. The new loan facility is for an amount of £3,000,000 of which £2,500,000 has been drawn down at 31 December 2019. The interest rate payable on the loan is 10.0% and the loan expires on 31 December 2020.

Notes to the audited financial statements (continued)

for the year ended 31 December 2019

18. Related party disclosures (continued)

Loans owed to group undertakings:

	2019	2018
	£000	£000
Mapeley Columbus II Limited	5,800,000	-
Accrued interest on intercompany loans	400,080	-
	6,200,080	-

During the year to 31 December 2019 two new loans were agreed with a group undertaking, Mapeley Columbus II Limited.

The first facility allows the Company to borrow up to £3,000,000. The loan expires on 31 December 2020 and interest is charged at a rate of 10%. As at 31 December 2019 £2,500,000 was drawn down under this loan agreement.

A second loan agreement allows the Company to borrow further funds of up to £5,000,000. The loan has an expiry date of 30 April 2021 and interest is charged at a rate of 10%. As at 31 December 2019, £3,300,000 was drawn down under this loan agreement.

The Company was owed the following amounts from other members of the Mapeley Limited group as at 31 December. Balances are repayable on demand and non-interest bearing.

	2019	2018
	£	£
Ogle Road Developments Limited	-	207,037
Mapeley Columbus Properties Limited	2,290	2,291
Mapeley U.K. Co. Limited	100	100
	2,390	209,428

The Company owed the following amounts to other members of the Mapeley Limited group as at 31 December. Balances are repayable on demand and non-interest bearing.

	2019	2018
	£	£
Mapeley STEPS Limited	1,899,354	207,037
Ogle Road Developments Limited	100	100
	1,899,454	207,137

19. First time adoption of FRS 102

There are no material transition adjustments for the Company on transition from IFRS to FRS 102.

20. Subsequent events

At the date of approval of these financial statements, there were no post balance sheet events requiring disclosure.