

Cannon Capital Developments Limited

Registered No: 09540923

Report and Financial Statements

31 December 2021



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 2021.

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 2021 on page 9, the Company's revenue was £6,491,000 (2020: £131,000) and the Company incurred a loss before tax of £374,000 (2020: £2,974,000).

The balance sheet on page 11 shows the financial position at 31 December 2021.

Going concern

The balance sheet as at the year-end showed net liabilities of £4,991,000 and net current liabilities of £5,900,000.

In light of the ongoing coronavirus 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 2021 balance sheet. 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 at least 12 months from the date of approval of these financial statements.

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 £374,000 and at 31 December 2021 had net current liabilities of £4,991,000 and net liabilities of £5,900,000. 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 at least 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 rate environment.

Credit risk: The Company incurs property development expenditure which is recharged to group undertakings and third party customers, and is therefore exposed to any changes in the creditworthiness of these entities.

Directors' report (continued)

Principal risks and uncertainties (continued)

Credit risk (continued)

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

Results and dividends

The Statement of Comprehensive Income for the year ended 31 December 2021 is set out on page 9. 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 £374,000 (2020: £2,974,000).

The Directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: £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 2021 (2020: £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.

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Company is required to present its Streamlined Energy and Carbon Report ('SECR'). The Company's information has been included in the aggregated SECR included in the financial statements of Mapeley STEPS Contractor Limited, a fellow UK subsidiary of Mapeley Limited. Copies of the financial statements of Mapeley STEPS Contractor limited are available on the Companies House website ([Companies House - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/organisations/companies-house)).

Directors' liability insurance

The Mapeley Limited group of companies holds Directors' liability insurance with Aviva Insurance Limited.

Events after the balance sheet date

Events after the balance sheet date are set out in note 19 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:

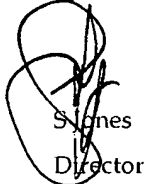
- so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are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

Directors' report (continued)

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

23 September 2022

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 on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit 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.

We have audited the financial statements of Cannon Capital Developments Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of changes in equity, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We 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.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company that were not in line with the applicable laws and regulations, including fraud.

We understood how Cannon Capital Developments Limited is complying with those laws and regulations by making enquiries of management and the Company's legal counsel concerning actual and potential litigation and claims. We corroborated our enquiries through our review of board minutes and any correspondence with regulatory bodies to evaluate whether there were any instances of non-compliance.

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

Additionally, we obtained an understanding of management's procedures relating to detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.

Our procedures included agreeing the financial statement disclosures to underlying supporting documentation where relevant and challenging the assumptions and judgements made by management in relation to significant accounting items. These items include valuation of property plant and equipment and investment properties, recognition of revenue, onerous lease provisions and dilapidation provisions. We have also identified and challenged management on any journal entries outside our usual expectation for this type of business. In particular we focussed any journal entries posted with unusual account combinations or unexpected journal postings to the income statement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

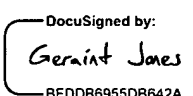
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by,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

A further description of our responsibilities is available on the Financial Reporting Council's website at:

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

Use of our report

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

DocuSigned by:

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Geraint Jones (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

23 September 2022

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 2021

	Note	2021 £000	2020 £000
Revenue	3	6,491	131
Costs of sale		<u>(3,049)</u>	<u>(131)</u>
Net profit		3,442	-
Administrative and other expenses		<u>(2,703)</u>	<u>(2,404)</u>
Operating profit / (loss)		739	(2,404)
Finance cost	6	(1,176)	(821)
Finance income	6	63	251
Loss before tax		<u>(374)</u>	<u>(2,974)</u>
Corporation tax credit	7	909	-
Profit / (loss) for the year attributable to equity holders of the Company		<u>535</u>	<u>(2,974)</u>

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

Statement of Changes in Equity

for the year ended 31 December 2021

	Issued capital £000	Accumulated losses £000	Total Equity £000
At 1 January 2021	-	(5,526)	(5,526)
Profit for the year	-	535	535
At 31 December 2021	-	(4,991)	(4,991)


	Issued capital £000	Accumulated profits/(losses) £000	Total Equity £000
At 1 January 2020	-	(2,552)	(2,552)
Loss for the year	-	(2,974)	(2,974)
At 31 December 2020	-	(5,526)	(5,526)

Balance Sheet - as at 31 December 2021

Registered Number: 09540923

	Note	2021 £000	2020 £000
ASSETS			
<i>Non-current assets</i>			
Deferred tax asset	7	909	-
Total non-current assets		909	-
<i>Current assets</i>			
Trade and other receivables	9	3,618	7,351
Cash and short-term deposits	8	1,508	335
Total current assets		5,126	7,686
TOTAL ASSETS		6,035	7,686
EQUITY AND LIABILITIES			
<i>Equity attributable to equity holders of Cannon Capital Developments Limited</i>			
Share capital	11	-	-
Accumulated losses		(4,991)	(5,526)
TOTAL EQUITY		(4,991)	(5,526)
<i>Non-current liabilities</i>			
Interest-bearing liabilities	13	-	10,850
Trade and other payables	12	-	732
Total non-current liabilities		-	11,582
<i>Current liabilities</i>			
Interest-bearing liabilities	13	6,650	-
Trade and other payables	12	4,376	1,630
Total current liabilities		11,026	1,630
TOTAL LIABILITIES		11,026	13,212
TOTAL EQUITY AND LIABILITIES		6,035	7,686

Approved by the Board of Directors on 23 September 2022 and signed on its behalf by:



S. Jones
Director

Statement of Cash Flows

for the year ended 31 December 2021

	Note	2021 £000	2020 £000
<i>Cash flows from operating activities</i>			
Loss before tax		(374)	(2,974)
<i>Adjustment for:</i>			
Net finance costs		1,113	570
Operating profit / (loss) before changes in working capital		739	(2,404)
Decrease / (increase) in trade and other receivables		1,718	(1,954)
Increase / (decrease) in trade and other payables		838	(1,867)
Cash inflows / (outflows) from operating activities		3,295	(6,225)
<i>Cash flows from financing activities</i>	17		
Proceeds from new loan payable		2,300	7,550
Repayment of loan payable		(6,500)	(2,500)
New loan to group undertaking		-	(25)
Loan receivable repaid by group undertaking		1,525	1,000
Interest income		553	1
Cash (outflows) / inflows from financing activities		(2,122)	6,026
Net increase / (decrease) in cash and short-term deposits		1,173	(199)
Cash and short-term deposits at 1 January		335	534
Cash and short-term deposits at 31 December	8	1,508	335

Notes to the audited financial statements

for the year ended 31 December 2021.

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.

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.

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£000) except where otherwise indicated. 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 £4,991,000 and net current liabilities of £5,900,000. 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 at least 12 months from the date of approval of these financial statements.

In light of the ongoing coronavirus 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 a period of at least the next 12 months from the date of approval of the Company's 31 December 2021 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 2021. In preparing annual financial statements, the accounting principles applied reflect the amendments to FRS 102 which have become effective since 1 January 2021 as described below.

Notes to the audited financial statements (continued)

for the year ended 31 December 2021

2.1 Basis of preparation (continued)

FRS 102 amendments

The following FRS 102 amendments are applicable from 1 January 2021;

- Section 20 - *Leases*: Covid-19 Related Rent Concessions: requirement for entities to recognise changes in operating lease payments that arise from rent concessions.
- Amendments to UK and Republic of Ireland accounting standards - UK exit from the European Union.

These amendments have not had a material impact on the financial statements of the Company.

Standards and interpretations in issue but not yet effective

There are currently no further new standards or amendments to standards and interpretations effective for periods beginning after 1 January 2022, which would have a material impact on the financial statements of the Company.

2.2 Summary of significant accounting policies

The principle accounting policies applied to the financial statements for the year ended 31 December 2021 are described below. These have been applied consistently in the current and previous accounting years.

Revenue

The Company has one business segment, 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 customers, 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 customers. It is recognised in the accounts on an accruals basis as the services are delivered.

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 within the next 12 months.

Notes to the audited financial statements (continued)

for the year ended 31 December 2021

2.2 Summary of significant accounting policies (continued)

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.

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.

Notes to the audited financial statements (continued)

for the year ended 31 December 2021

2.2 Summary of significant accounting policies (continued)

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.

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.

Notes to the audited financial statements (continued)

for the year ended 31 December 2021

3. Revenue

	2021	2020
	£000	£000
Development management fees	6,491	131

4. Operating profit

The audit fee for the Company for the current year was £3,000 (2020: £4,000).

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 (2020: nil).

No staff are employed by Cannon Capital Developments Limited (2020: 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.

6. Finance costs and finance income

	2021	2020
	£000	£000
<i>Finance costs</i>		
Intercompany loan interest	1,176	821

	2021	2020
	£000	£000
<i>Finance income</i>		
Bank interest income	-	1
Intercompany loan interest	63	250
	63	251

7. Corporation tax credit**a) Tax on loss on ordinary activities**

The components of corporation tax for the years ended 31 December 2021 and 31 December 2020 are:

	2021	2020
	£000	£000
Current tax charge in the income statement	-	-
Deferred tax		
Total deferred tax credit	(909)	-
Total tax credit in the income statement	(909)	-

Notes to the audited financial statements (continued)

for the year ended 31 December 2021

7. Corporation tax credit (continued)**b) Reconciliation of current tax credit**

	2021	2021	2020	2020
	%	£000	%	£000
Loss before tax	100.0	(374)	100.0	(2,974)
At the corporation tax rate applicable to the Company	19.0	(71)	19.0	(565)
Deferred tax credit	243.0	(909)	-	-
Expenses not deductible for tax purposes	-	-	(5.2)	156
Group relief: current year losses surrendered for nil receipt	(19.0)	71	(13.8)	409
At effective corporation tax rate of 243.0% (2020: 0.0%)	243.0	(909)	-	-

The corporation tax rate applied to the Company's loss for the year ended 31 December 2021 was 19.0% (2020: 19.0%).

c) Deferred tax

The movement in deferred tax was as follows:

Deferred tax assets

	1 January 2021 £000	Recognised in income £000	31 December 2021 £000
Deferred tax on prior year losses	-	909	909

As at 31 December 2020 the Company did not recognise any deferred tax assets or liabilities.

Notes to the audited financial statements (continued)

for the year ended 31 December 2021

7. Corporation tax credit (continued)*c) Deferred tax (continued)***Unprovided deferred tax on temporary differences**

Deductible temporary differences, unutilised losses and other temporary differences for which no deferred tax asset is recognised and the tax effect of such items is shown below:

	Temporary difference 2021	Unrecognised deferred tax asset 2021	Temporary difference 2020	Unrecognised deferred tax asset 2020
Losses not utilised	<u>1,117</u>	<u>212</u>	<u>5,529</u>	<u>1,050</u>

As disclosed above, the Company has an unrecognised deferred tax asset of £212,000 (2020: £1,050,000), tax effected at 19.0% (2020: 19.0%); the UK corporation tax rate substantively enacted at the balance sheet date, in respect of losses carried forward and unpaid interest expenses.

This is not recognised due to the uncertainty of future profits against which the asset could be offset.

8. Cash and short-term deposits

The fair value of cash and short-term deposits at 31 December 2021 is £1,508,000 (2020: £335,000).

For the purposes of the cash flow statement, cash and short-term deposits comprise the following at 31 December:

	2020 £000	2019 £000
Cash held at bank for operational purposes	<u>1,508</u>	<u>335</u>

9. Trade and other receivables*Current*

	2021 £000	2020 £000
Loans owed by group undertakings (note 18)	-	1,525
Interest on loans owed by group undertakings (note 18)	-	490
Amounts owed by group undertakings (note 18)	-	14
VAT	-	61
Other debtors	164	318
Work in progress	<u>3,454</u>	<u>4,943</u>
	<u>3,618</u>	<u>7,351</u>

As at 31 December 2021 no receivables were impaired and provided for (2020: £nil).

Notes to the audited financial statements (continued)

for the year ended 31 December 2021

10. Investments

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 carrying value of the investment was £100 at both the year ended 31 December 2021 and 31 December 2020.

The Directors have considered the carrying value of the Company's investment as at 31 December 2021, no impairment is deemed to be required (2020: £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:

	2021	2020
	£000	£000
Ogle Road Developments Limited		
Net assets / (liabilities)	183	(27)
Profit / (loss) for the year ended 31 December	210	(65)

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.

	2021	2021	2020	2020
	No. of ordinary shares	£000	No. of ordinary shares	£000
<i>Authorised</i>				
Ordinary shares of £1 each	100	-	100	-
<i>Issued</i>				
Ordinary shares of £1 each	100	-	100	-

Notes to the audited financial statements (continued)

for the year ended 31 December 2021

12. Trade and other payables

	2021 £000	2020 £000
<i>Non-current</i>		
Accrued interest on intercompany loans	-	732
<i>Current</i>		
Intercompany payables (note 18)	-	97
Trade creditors	296	19
Accrued interest on intercompany loans	2,397	489
VAT	1,184	-
Accruals and deferred income	499	1,025
	<u>4,376</u>	<u>1,630</u>

Accruals and deferred income include an amount of £nil (2020: £nil) in respect of deferred income.

13. Interest-bearing loans and borrowings

The table below sets out the Company's interest-bearing loans and borrowings as at 31 December 2021 and 2020.

	Effective interest rate %	Maturity	2021 £000	2020 £000
<i>Non-current</i>				
Mapeley Columbus II Limited	10.0%	December 2022	-	10,850
<i>Current</i>				
Mapeley Columbus II Limited	10.0%	December 2022	6,650	-

Loans from related party

The Company has a loan agreement with Mapeley Columbus II Limited, a fellow group undertaking. The loan will expire on 31 December 2022, the facility limit is £14,000,000 and the interest rate charged is 10% per annum. As at 31 December 2021, £6,650,000 (2020: £10,850,000) was drawn down under this loan agreement.

14. Commitments and contingencies**Capital commitments**

At 31 December 2021 the Company has no commitments to purchase, construct or develop investment property or property, plant and equipment (2020: £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. At 31 December 2021, 100.0% (2020: 100.0%) of the Company's loans are 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 2021

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

The majority of the Company's trade is with other companies in the Mapeley Limited Group.

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant.

There are no trade receivable balances outstanding at 31 December 2021 (2020: £nil).

In the year ended 31 December 2021, 95.4% (2020: 100.0%) of the Company's revenue was derived from Mapeley STEPS Limited, a fellow subsidiary in the Mapeley Group.

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 2021	Less than 1 month £000	1 to 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Related party loans	-	-	6,650	-	-	6,650
Interest payable on related party loans	-	166	499	-	-	665
Trade and other payables	795	-	2,397	-	-	3,192

Year ended 31 December 2020	Less than 1 month £000	1 to 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Related party loans	-	-	-	10,850	-	10,850
Interest payable on related party loans	-	271	814	1,085	-	2,170
Trade and other payables	1,630	-	-	732	-	2,362

Trade and other payables exclude deferred income and VAT payable.

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 2021

17. Net debt reconciliation

The table below details the changes in the Company's net debt, including both cash and non-cash changes.

	Intercompany loan and accrued interest £000	Cash at bank and in hand £000	Net (debt) £000
31 December 2020	(12,071)	335	(11,736)
Cash flows	4,200	1,173	5,373
Other non-cash changes	(1,176)	-	(1,176)
31 December 2021	(9,047)	1,508	(7,539)

Other non-cash changes comprise interest charges accrued on the outstanding intercompany loan balance throughout the year ended 31 December 2021.

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

	2021 £000	2020 £000
Ogle Road Developments Limited	-	1,525
Accrued interest on intercompany loan	-	490
	<u>-</u>	<u>2,015</u>

At 31 December 2020 the Company had a loan agreement with a subsidiary undertaking, Ogle Road Developments Limited. The loan facility was for a maximum amount of £3,000,000 with an expiry date of 31 December 2021, and interest was charged at 10.0% per annum.

During the year ended 31 December 2021 the loan balance was fully repaid ahead of its expiry date.

As at 31 December 2021 £nil (2020: £1,525,000) was drawn down under this loan agreement.

Notes to the audited financial statements (continued)

for the year ended 31 December 2021

18. Related party disclosures (continued)

Amounts owed by and owing to Group companies (continued)

Loans owed to group undertakings:

	2021	2020
	£000	£000
Mapeley Columbus II Limited	6,650	10,850
Accrued interest on intercompany loans	2,397	1,221
	<u>9,047</u>	<u>12,071</u>

The Company has a loan agreement with Mapeley Columbus II Limited, a fellow group undertaking. The loan will expire on 31 December 2022, the facility limit is £14,000,000 and the interest rate charged is 10% per annum. As at 31 December 2021, £6,650,000 (2020: £10,850,000) 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.

	2021	2020
	£000	£000
Ogle Road Developments Limited	-	12
Mapeley Columbus Properties Limited	-	2
	<u>-</u>	<u>14</u>

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.

	2021	2020
	£000	£000
Mapeley STEPS Limited	<u>-</u>	<u>97</u>

19. Subsequent events

The financial statements for the year ended 31 December 2021 were authorised by the Board for issue on 23 September 2022. At the date of approval of these financial statements, there were no post balance sheet events requiring disclosure.