

Gray's Inn Capital 2 Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended

31 December 2019



Registered number: 10121439

Gray's Inn Capital 2 Limited

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

M Platt
N Chambers
P Langford

SECRETARIES

N Chambers
A Williams

REGISTERED OFFICE

Botanic House
Hills Road
Cambridge
CB2 1PH

AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

SOLICITORS

Mills and Reeve LLP
Botanic House
Hills Road
Cambridge
CB2 1PH

Gray's Inn Capital 2 Limited

CONTENTS

	Page
Directors' report	1
Statement of directors' responsibilities	2
Independent auditor's report	3
Consolidated income statement	5
Consolidated statement of financial position	6
Company statement of financial position	7
Consolidated statement of changes in equity	8
Company statement of changes in equity	9
Notes to the financial statements	10

Gray's Inn Capital 2 Limited

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2019. During the prior period, the company was acquired by Wallace Partnership Group Limited and as a result of this, changed its accounting date from 31 October to 31 December. These financial statements are for the year ended 31 December 2019 and the comparative figures are for the 14 months ended 31 December 2018.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company during the year under review was that of property dealing. Both the development of the business and its financial position at the end of the year were satisfactory.

GOING CONCERN

The directors have considered whether the going concern basis of accounting is appropriate with reference to profit, cash flow forecasts and also considering the worldwide pandemic of Covid-19 that struck subsequent to the year end. The directors are satisfied the company has adequate access to resources as detailed in the financial statements of the ultimate parent company Albanwise Wallace Estates Limited. The directors have concluded that the company has access to adequate resources which will enable it to continue in operational existence for the foreseeable future. For these reason they continue to adopt the going concern basis of accounting in preparing the financial statements.

RESULTS AND DIVIDENDS

The results for the year are set out in the income statement on page 5. A dividend of £2,922,544 was paid during the year (2018: £nil).

DIRECTORS

The directors who served the company since 1 January 2019 and up to the date of approval of these financial statements were as follows:

M Platt
N Chambers
P Langford

AUDITOR

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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

SMALL COMPANY PROVISIONS

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

By order of the board



N Chambers
Secretary

17 April 2020

Gray's Inn Capital 2 Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAY'S INN CAPITAL 2 LIMITED

Opinion

We have audited the financial statements of Gray's Inn Capital 2 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

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 were:

- 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 group's or the parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAY'S INN CAPITAL 2 LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

RSM UK Audit LLP

HOWARD FREEDMAN (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon St
London
EC4A 4AB

29/6/2020

Gray's Inn Capital 2 Limited

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

		For the year ended 31 December 2019	For the 14 month period ended 31 December 2018
	Note	£	£
Turnover		1,265,541	1,883,055
Cost of sales		(67,247)	(105,657)
Gross profit		<u>1,198,294</u>	<u>1,777,398</u>
Administrative expenses		<u>(12,616)</u>	<u>(222,396)</u>
Operating profit		1,185,678	1,555,002
Interest receivable and similar income	5	10,191	5,269
Investment income		2,922,544	-
Interest payable and expenses	6	<u>(1,773,787)</u>	<u>(2,226,682)</u>
Profit/(Loss) before taxation		2,344,626	(666,411)
Tax on profit/(loss)	7	<u>81,221</u>	<u>93,928</u>
Profit/(Loss) for the financial year/period		<u><u>2,425,847</u></u>	<u><u>(572,483)</u></u>

Gray's Inn Capital 2 Limited

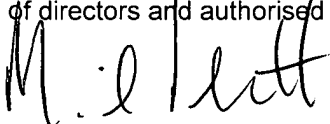
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

Company number: 10121439

		As at 31 December 2019 £	As at 31 December 2018 £
CURRENT ASSETS	Note		
Stocks	9	60,063,386	60,119,881
Debtors	10	472,385	459,422
Cash at bank and in hand		3,434,081	3,112,576
		<u>63,969,852</u>	<u>63,691,879</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	(1,891,269)	(2,467,553)
NET CURRENT ASSETS		<u>62,078,583</u>	<u>61,224,326</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>62,078,583</u>	<u>61,224,326</u>
Creditors: amounts falling due after more than one year	13	(53,067,904)	(51,716,950)
		<u>9,010,679</u>	<u>9,507,376</u>
PROVISION FOR LIABILITIES	15	(7,223,543)	(7,223,543)
NET ASSETS		<u>1,787,136</u>	<u>2,283,833</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,423	1,423
Share premium account		2,956,916	2,956,916
Retained earnings		(1,171,203)	(674,506)
TOTAL EQUITY		<u>1,787,136</u>	<u>2,283,833</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The financial statements on pages 5 to 17 were approved by the board of directors and authorised for issue on 17 April 2020 and are signed on its behalf by:



M Platt
Director

Gray's Inn Capital 2 Limited

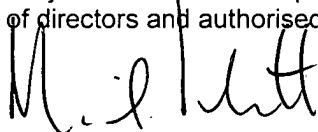
COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2019

Company number: 10121439

	Note	As at 31 December 2019 £	As at 31 October 2018 £
FIXED ASSETS			
Investments	8	34,775,780	34,775,780
CURRENT ASSETS			
Debtors	10	16,330,652	15,790,151
Cash at bank and in hand	11	3,434,081	3,112,576
		<u>19,764,733</u>	<u>18,902,727</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	(1,590,560)	(2,298,107)
NET CURRENT ASSETS		18,174,173	16,604,620
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>52,949,953</u>	<u>51,380,400</u>
Creditors: amounts falling due after more than one year	13	(53,067,904)	(51,716,950)
NET ASSETS		<u>(117,951)</u>	<u>(336,550)</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,423	1,423
Share premium account		2,956,916	2,956,916
Retained earnings		(3,076,290)	(3,294,889)
TOTAL EQUITY		<u>(117,951)</u>	<u>(336,550)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The financial statements on pages 5 to 17 were approved by the board of directors and authorised for issue on 17 April 2020 and are signed on its behalf by:



M Platt
Director

Gray's Inn Capital 2 Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Called up share capital £	Share premium account £	Retained earnings £	Total £
Balance as at 1 November 2017	1,423	2,956,916	(102,023)	2,856,316
Loss and total comprehensive income for the period	-	-	(572,483)	(572,483)
Balance as at 31 December 2018	1,423	2,956,916	(674,506)	2,283,833
Balance as at 1 January 2019	1,423	2,956,916	(674,506)	2,283,833
Profit and total comprehensive income for the year	-	-	2,425,847	2,425,847
Dividends	-	-	(2,922,544)	(2,922,544)
Balance as at 31 December 2019	1,423	2,956,916	(1,171,203)	1,787,136

Gray's Inn Capital 2 Limited

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Called up share capital £	Share premium account £	Retained earnings £	Total £
Balance as at 1 November 2017	1,423	2,956,916	(986,205)	1,972,134
Profit and total comprehensive income for the period	-	-	(2,308,684)	(2,308,684)
Balance as at 31 December 2018	<u>1,423</u>	<u>2,956,916</u>	<u>(3,294,889)</u>	<u>(336,550)</u>
Balance as at 1 January 2019	1,423	2,956,916	(3,294,889)	(336,550)
Profit and total comprehensive income for the year	-	-	218,599	218,599
Balance as at 31 December 2019	<u>1,423</u>	<u>2,956,916</u>	<u>(3,076,290)</u>	<u>(117,951)</u>

Gray's Inn Capital 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1 GENERAL INFORMATION

The company trades in residential freehold titles in the UK. The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Botanic House, Hills Road, Cambridge, CB2 1PH.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime and under the historical cost convention. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

CHANGE OF ACCOUNTING REFERENCE DATE

During the prior period, the company was acquired by Wallace Partnership Group Limited and as a result of this, changed its accounting date from 31 October to 31 December. These financial statements are for the year ended 31 December 2019 and the comparative figures are for the 14 month period ended 31 December 2018.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiaries. The financial statements of all subsidiaries are made up to 31 December. The merger method of accounting has been applied as if the entities acquired had always been combined. The carrying values of the entities' assets and liabilities are not adjusted to fair value. There was no difference between the nominal value of the shares issued (which comprised the investment in the acquired entities) and the nominal value of the shares received which are eliminated on consolidation.

Entities acquired after the merger in 2011 have been accounted for using the purchase method whereby the results are incorporated from the date that control passes. The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed plus directly attributable costs. The excess of the cost of the business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by s408 Companies Act 2006 the company has not presented its own statement of comprehensive income. The company's loss and total comprehensive income for the year was £X (2018: loss of £2,308,684).

Gray's Inn Capital 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

GOING CONCERN

The directors have considered whether the going concern basis of accounting is appropriate with reference to profit, cash flow forecasts and also considering the worldwide pandemic of Covid-19 that struck subsequent to the year end. The directors are satisfied the company has adequate access to resources as detailed in the financial statements of the ultimate parent company Albanwise Wallace Estates Limited. The directors have concluded that the company has access to adequate resources which will enable it to continue in operational existence for the foreseeable future. For these reason they continue to adopt the going concern basis of accounting in preparing the financial statements.

REVENUE RECOGNITION

Turnover is derived from rents and lease extensions during the year. Rental income is recognised when it falls due. Income from lease extensions is recognised upon the grant of the extension.

INTEREST PAYABLE

Interest payable on debt is recognised in profit or loss over the term of the borrowings at a constant rate on the carrying amount.

TAXATION

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

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

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

FIXED ASSET INVESTMENTS

In the separate accounts of the company interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

STOCKS

Stock consists of portfolios of available for sale ground rent properties and is stated in the books of the subsidiaries at the lower of cost and estimated selling price. On consolidation they are stated at fair value. Disposals are recognised on agreement for sale. Profits and losses arising are dealt with through profit or loss.

Gray's Inn Capital 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 in full to all of its financial instruments. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Basic financial assets, which include other debtors and amounts due from group undertakings which are repayable on demand are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost, being the transaction price less any amounts settled and any impairment losses.

The company has also entered into fixed term agreements with its bankers in order to help manage its cash flow risk and meet its liabilities under the terms of the loan notes some of which have a return linked to rpi. These financial assets are accounted for as basic financial instruments and initially recognised at transaction price and subsequently measured at amortised cost.

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. Impairment losses are recognised in profit or loss.

Financial assets are only derecognised when the contractual rights to the cash flows from the asset expire or are settled or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Basic financial liabilities, which include amounts due to group undertakings which are repayable on demand are initially measured at transaction price and are subsequently carried at amortised cost, being the transaction price less any amounts paid.

All loans including series B and series C and series A rpi-linked loan notes (see notes 12 & 13) are also accounted for as basic financial instruments and initially recognised at transaction price and subsequently measured at amortised cost.

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled or they expire.

Gray's Inn Capital 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's operating profit was derived from its principal activities. The audit fee for the group of companies to which the company belongs is borne by a group undertaking and is not separately identifiable. The company has no employees (2018: nil) and the directors received no emoluments during the year (2018: £nil).

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Other interest receivable	10,191	5,269

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Loan note interest payable	1,809,059	2,285,053
Amortisation of premium on issuance of loan notes	(35,272)	(58,371)
	<u>1,773,787</u>	<u>2,226,682</u>

7 TAXATION

Tax included in income statement

UK corporation tax has been charged at 19% (2017: 20%/19%).

The tax charge is analysed as follows:

	2019	2018
	£	£
UK corporation tax on profits of the year	-	-
Total current tax	-	-
Movement in deferred tax asset (note 10)	81,221	93,928
Total tax included in profit and loss	<u>81,221</u>	<u>93,928</u>

At 31 December 2019 the group had approximately £1,136,170 (2018: £1,246,635) of cumulative tax losses available to carry forward against future trading profits. A deferred tax asset of £211,928 (2018: £211,928) has been recognised by the group in respect of these losses (see note 12).

Gray's Inn Capital 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

8 INVESTMENTS

	Investments in subsidiary companies 2019 £
<i>Company</i>	
Cost and net book value	
At 1 January 2019 and 31 December 2019	<u>34,775,780</u>

The company owns 100% of the share capital of Gray's Inn 10 Limited of Botanic House, Hills Road, Cambridge CB2 1PH, a company incorporated in England and Wales. Details of investments held by Gray's Inn 10 Limited are disclosed in the financial statements of that company.

9 STOCKS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trading stocks of ground rent portfolios	<u>60,063,386</u>	<u>60,119,881</u>	<u>-</u>	<u>-</u>

10 DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	22,981	-	-	-
Amounts owed by group undertakings	248,251	303,703	16,132,579	15,672,197
Deferred tax asset	193,149	111,928	193,149	111,928
Prepayments	4,924	6,026	4,924	6,026
Other debtors	<u>3,080</u>	<u>37,765</u>	<u>-</u>	<u>-</u>
	<u>472,385</u>	<u>459,422</u>	<u>16,330,652</u>	<u>15,790,151</u>

Deferred tax assets have been recognised in respect of unutilised tax losses being carried forward to future years.

11 CASH AT BANK AND IN HAND

All cash held by the company is restricted under the terms of the loan notes. This cash is held as security on behalf of the noteholders and can only be used to service interest and capital obligations.

Gray's Inn Capital 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12 CREDITORS: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts owed to group undertakings	422,701	130,114	517,061	322,982
Loan notes	139,158	135,057	139,158	135,057
Accruals & deferred income	1,297,264	2,170,236	934,341	1,840,068
Other creditors	32,146	32,146	-	-
	<u>1,891,269</u>	<u>2,467,553</u>	<u>1,590,560</u>	<u>2,298,107</u>

13 CREDITORS: Amounts falling due after one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Loan notes	<u>53,067,904</u>	<u>51,716,950</u>	<u>53,067,904</u>	<u>51,716,950</u>

	Nominal £	Premium on issuance £	Total £
Analysis of borrowings:			
Series A Notes fully amortising due 31 January 2082 carrying interest rate of 0.75% plus inflation where inflation is limited to a minimum of 0% and a maximum of 5%	7,502,407	509,058	8,011,465
Series B Notes fully amortising due 31 January 2082 at an interest rate of 3.8%	32,502,138	2,175,251	34,677,389
Series C Notes fully amortising due 31 January 2082 at an interest rate of 4%	10,832,635	1,283,076	12,115,711
Issue costs	<u>(1,597,503)</u>	<u>-</u>	<u>(1,597,203)</u>
	<u>49,239,677</u>	<u>3,967,385</u>	<u>53,207,062</u>

Gray's Inn Capital 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

14 FINANCIAL INSTRUMENTS

	2019 £000	2018 £000
Financial assets that are debt instruments measured at amortised cost:		
Other debtors	274,312	341,468
	<u>274,312</u>	<u>341,468</u>
Financial liabilities measured at amortised cost:		
Loan notes	(54,804,266)	(53,478,142)
Other creditors	(454,847)	(162,260)
	<u>(55,259,113)</u>	<u>(53,640,402)</u>

15 PROVISION FOR LIABILITIES

	Deferred tax provision £
At 1 January 2019 & 31 December 2019	7,223,543
	<u>7,223,543</u>

Provision is made for the tax which would be payable in the event that the trading stocks held by the subsidiary companies were sold at the fair value shown in the consolidated balance sheet. Tax is measured using the tax rates and allowances that apply to the sale of the asset.

16 SHARE CAPITAL AND RESERVES

	2019 £	2018 £
Allotted, called up and fully paid		
1,423 Ordinary shares of £1 each	1,423	1,423
	<u>1,423</u>	<u>1,423</u>

The company paid no dividends during the year (2018: £nil). The immediate subsidiary companies paid dividends during the year totalling £2,922,544 to the company (2018: £nil).

17 CONTROL

The company is under the control of Perseverance Limited, which is registered in Gibraltar.

The immediate parent undertaking of the company is Gray's Inn Holdings Limited, which is based in the United Kingdom. Consolidated accounts have been prepared for Albanwise Wallace Estates Limited of Botanic House, Hills Road, Cambridge CB2 1PH, which heads the largest group of undertakings for which accounts have been drawn up. These are available from the registered office. The ultimate parent undertaking of the company is Perseverance Limited, which is registered in Gibraltar.

Gray's Inn Capital 2 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

18 CONTINGENT LIABILITIES

The company has entered into a cross guarantee with certain fellow group undertakings in respect of loan notes issued by the company. The assets of the company are pledged as security, by way of a fixed and floating charge. The total group liability as at 31 December 2019 was £100,949,776 (2018: £102,840,214).

19 POST BALANCE SHEET EVENT

Subsequent to the year end the worldwide pandemic of Covid-19 has struck which may affect the value of the stock. Given the unpredictable nature and impact of the outbreak, and how rapidly the responses to the outbreak are changing, the directors are unable to quantify what if any impact this may have on the value of the stock.