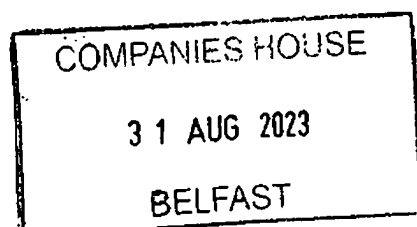


Financial Statements

Rockford GSO Limited

For the year ended 31 August 2022



Registered number: NI632951



Company Information

Directors	Bernard Eastwood Eunan Donnelly
Registered number	NI632951
Registered office	2 Downshire Road Holywood BT18 9LU
Independent auditor	Grant Thornton (NI) LLP Chartered Accountants & Statutory Auditors 12-15 Donegall Square West Belfast BT1 6JH
Bankers	Bank of Ireland 1 Donegal Square South Belfast BT1 5LR
Solicitors	Davidson McDonnell Longbridge House 24 Waring Street Belfast BT1 2DX

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Independent auditor's report to the members of Rockford GSO Limited

Opinion

We have audited the financial statements of Rockford GSO Limited, which comprise the Balance sheet for the financial year ended 31 August 2022, and the related 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, Rockford GSO Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Company as at 31 August 2022 and of its financial performance for the financial year then ended; 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 'Responsibilities of the auditor 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 United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

The Company is part of the Rockford Portfolio Limited Group (the "Group").

In forming our opinion, which is not modified, we draw attention to the disclosures made in note 2.2 of the financial statements regarding the impact of external factors, including the COVID-19 pandemic's effect on commercial rental markets. These external factors have significantly impacted upon the profitability of the Group, the market value of the investment property the Group holds, and its ability to service external debt financing.

The Group's external bank loan fell due for repayment in January 2023, thus the bank loan outstanding at the balance sheet date totalling £16,359,885 is now due for repayment. The loan is currently in default and in breach of both the LTV and ICR covenants. The total external debt (bank and investor debt) at the year end is £45,037,351 against a portfolio value of £16,875,000. In its current state, the Group is unable to repay this debt. However, the Group's external lenders are currently in advanced negotiations with the shareholders of the Group regarding the acquisition of the Group. As part of this agreement, the Group's shareholders intend to waive amounts owed to Rockford Investments Limited and Rockford Hong Kong Limited (totalling £28,677,466 as at 31 August 2022). This would see the Group return to a solvent position. If this transaction does not occur, the Group would be unable to continue as a going concern. As this agreement is not formally completed, these events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.



Independent auditor's report to the members of Rockford GSO Limited (continued)

Material uncertainty related to going concern (continued)

In auditing the financial statements, we have concluded the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the validity of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included consideration of the terms of the negotiations with the external lenders and the Group's shareholders, including the reasonable expectation that the acquisition will be concluded based on the terms discussed above. In addition, the Group has cash reserves totalling £2,252,360 that will be utilised to continue ongoing operations.

In view of the significance of this matter, we consider that it should be drawn to your attention. The ultimate outcome of the matter cannot at present be determined and the financial statements do not include any potential adjustments that may be required arising out of alternative outcomes.

Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon, including the Directors' report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the 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 in the financial statements, 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment we have 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



Independent auditor's report to the members of Rockford GSO Limited (continued)

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

- 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 from the requirement to prepare a strategic report or in preparing the Directors' report.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 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, management is 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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 an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Independent auditor's report to the members of Rockford GSO Limited (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Privacy laws, Environmental Regulations and Health and safety laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and applicable tax laws. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- inquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of the board of directors meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including estimating fair value of investment properties and allowance for the impairment of receivables; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.



Independent auditor's report to the members of Rockford GSO Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

A handwritten signature in black ink, appearing to read 'Louise Kelly'.

Louise Kelly (Senior Statutory Auditor)
for and on behalf of
Grant Thornton (NI) LLP
Chartered Accountants
Statutory Auditors
Belfast
Date: 28 July 2023

Balance sheet

As at 31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Investment property	5	3,000,000	4,695,000
		<u>3,000,000</u>	<u>4,695,000</u>
Current assets			
Debtors: amounts falling due within one year	6	2,587,987	2,143,093
Cash at bank and in hand	7	9,754	2,665
		<u>2,597,741</u>	<u>2,145,758</u>
Current liabilities			
Creditors: amounts falling due within one year	8	(280,013)	(233,128)
Net current assets		<u>2,317,728</u>	<u>1,912,630</u>
Total assets less current liabilities		<u>5,317,728</u>	<u>6,607,630</u>
Creditors: amounts falling due after more than one year	9	(10,471,170)	(9,739,717)
Net liabilities		<u>(5,153,442)</u>	<u>(3,132,087)</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	(5,153,542)	(3,132,187)
Shareholders' deficit		<u>(5,153,442)</u>	<u>(3,132,087)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 July 2023.



.....
Bernard Eastwood
 Director

The notes on pages 7 to 13 form part of these financial statements.

Notes to the financial statements

For the year ended 31 August 2022

1. General information

Rockford GSO Limited is a private company limited by shares, incorporated in Northern Ireland. The registered office is 2 Downshire Road, Holywood, BT18 9LU. The principal activity of the company is the rental of investment property.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

2.2 Going concern

The Company is part of the Rockford Portfolio Limited group (the "Group").

The impact of economic factors, including the COVID-19 pandemic, has had an effect on commercial rental markets. These external factors have significantly impacted upon the profitability of the Group, the market value of the investment property the Group holds, and its ability to service external debt financing.

The Group's external bank loan fell due for repayment in January 2023, thus the bank loan outstanding at the balance sheet date totalling £16,359,885 is now due for repayment. The loan is currently in default and in breach of both the LTV and ICR covenants. The total external debt (bank and investor debt) at the year end is £45,037,351 against a portfolio value of £16,875,000. In its current state, the Group is unable to repay this debt. However, the Group's external lenders are currently in advanced negotiations with the shareholders of the Group regarding the acquisition of the Group. As part of this agreement, the Group's shareholders intend to waive amounts owed to Rockford Investments Limited and Rockford Hong Kong Limited (totalling £28,677,466 as at 31 August 2022). This would see the Group return to a solvent position.

As this agreement is not formally completed, these events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. However, as the discussions are at an advanced stage, and after reviewing the Group's forecasts and projections post transaction, the directors have concluded that the adoption of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Notes to the financial statements

For the year ended 31 August 2022

2. Accounting policies (continued)

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rental of investment property

Revenue from a contract to lease the property is recognised in the period in which the property is occupied. Any rent free periods included within the lease agreement are spread across the useful life of the lease, when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the company will receive the consideration due under the contract.

2.4 Operating leases: the Company as lessor

Rental income from operating leases is credited to the Statement of comprehensive income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Notes to the financial statements

For the year ended 31 August 2022

2. Accounting policies (continued)

2.6 Taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

The company makes estimates and assumptions concerning the future, which can involve a high degree of judgement or complexity. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Market value of investment properties

Estimates are made in respect of the market value of investment properties. When assessing the market value of these assets, factors including current rent receivable and available data on current market yields and activity are considered.

Notes to the financial statements

For the year ended 31 August 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

b) Allowances for impairment of receivables

The Company estimates the allowance for doubtful receivables based on assessment of specific accounts where the Company has objective evidence comprising default in payment terms or significant financial difficulty that certain companies are unable to meet their financial obligations. In these cases, judgement used was based on the best available facts and circumstances including but not limited to, the length of relationship.

4. Employees

The company has no employees other than the directors, who did not receive any remuneration (2021 - £Nil).

5. Investment property

	Freehold investment property £
Valuation	
At 1 September 2021	4,695,000
Surplus on revaluation	(1,695,000)
At 31 August 2022	3,000,000

The 2022 valuations were made by independent professional valuers, Lambert Smith Hampton, on an open market value for existing use basis. The valuer was a Chartered Member of the Royal Institution of Chartered Surveyors.

Notes to the financial statements

For the year ended 31 August 2022

6. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	13,440	32,000
Amounts owed by group undertakings	2,331,637	1,719,967
Other debtors	17,725	5,831
Prepayments and accrued income	225,185	385,295
	<u>2,587,987</u>	<u>2,143,093</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand except those which are financing in nature whereby a market rate of interest is applied.

7. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>9,754</u>	<u>2,665</u>

8. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	16,062	4,073
Other taxation and social security	72,361	36,988
Other creditors	30,241	32,698
Accruals and deferred income	161,349	159,369
	<u>280,013</u>	<u>233,128</u>

9. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Amounts owed to group undertakings	<u>10,471,170</u>	<u>9,739,717</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand except those which are financing in nature whereby a market rate of interest is applied.

Notes to the financial statements

For the year ended 31 August 2022

10. Commitments due under operating leases as lessor

At 31 August 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	654,931	626,845
Later than 1 year and not later than 5 years	160,412	815,343
	<u>815,343</u>	<u>1,442,188</u>

11. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
100 (2021 - 100) Ordinary shares of £1.00 each	100	100
	<u>100</u>	<u>100</u>

12. Reserves

Profit and loss account

This includes all current and prior period retained profits and losses.

Called up share capital

This represents the nominal value of shares issued.

13. Charges on assets

There are negative and fixed charges over the investment property in addition to guarantees and legal charges over its assets, which have been provided as security for parent company loans.

14. Related party transactions

The company has availed of the exemption in FRS102 Section 33, Paragraph 33.1A which allows non-disclosure of transactions between members of the group headed by Rockford Portfolio Limited, on the grounds that 100% of voting rights are controlled within that group.

15. Post balance sheet events

The company is part of the Rockford Portfolio Limited group (the "Group"). The Group's external lenders are currently in advanced negotiation with the shareholders of the Group regarding the acquisition of the Group.

Notes to the financial statements

For the year ended 31 August 2022

16. Controlling party

The company's immediate parent is Rockford Portfolio Limited, a company registered in Northern Ireland. The smallest and largest group which the results of Rockford GSO Limited is included in is that held by Rockford Portfolio Limited. Consolidated financial statements of Rockford Portfolio Limited as at 31 August 2022 can be obtained from its registered office: 2 Downshire Road, Holywood, BT18 9LU. The company is ultimately controlled by Wirefox Holding Company, a company registered in Northern Ireland and Rockford Capital Limited, a company registered in British Virgin Islands.