

NEW WAVERLEY 20 LIMITED

Annual Report and Financial Statements

Registered number: SC551285

For the year ended 30 June 2020



New Waverley 20 Limited
Financial statements
For the year ended 30 June 2020

TABLE OF CONTENTS

| | Page |
|--|--------------|
| Strategic report | 2 |
| Directors' report | 3 |
| Statement of Directors' responsibilities in respect of the financial statements | 4 |
| Independent auditor's report to the member of New Waverley 20 Limited | 5-6 |
| Statement of profit or loss and other comprehensive income | 7 |
| Statement of financial position | 8 |
| Statement of changes in equity | 9 |
| Notes to the financial statements | 10-17 |

New Waverley 20 Limited
STRATEGIC REPORT
For the year ended 30 June 2020

Review of the business

On 13 July 2017 the Company entered into a lease agreement with the UK Government for the office land at New Waverley in Edinburgh, Scotland ("the Pre-let Agreement"). The Pre-let Agreement encompasses a lease with a UK Government guarantee, for a term of 25 years commencing upon practical completion of the development.

On 17 October 2017, the Company entered into an agreement to dispose of the office land to Legal and General Pension Limited ("the purchaser") and to develop the Pre-let Office on a forward-sold basis for the purchaser ("the Forward Funding Agreement"). The Forward Funding Agreement provides for funds to be drawn down by the Company, as developer, from the purchaser against development costs incurred. The Company initially received £20,841,671 upon disposal of the office land, with further development profits payable upon practical completion.

Practical completion was achieved on 21 May 2019, and the contractor, McAleer & Rushe had completed the majority of the snagging items prior to the tenant fit out commencing on 15 July 2019. The latent defects liability period remains open until 2022. The balancing payment was received from the purchaser on 14 June 2019, which reflects the last fund drawdown from the purchaser except for the final retentions.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are any delay in receipt of the retention funds from the purchaser, which are due to the contractor.

The Company paid £679,317 in respect of the final retention in October 2020 with £43,484 remaining outstanding for some minor residual defects that are currently in the process of getting resolved. It is expected to be paid in June 2021, once the funding is received from the purchaser through the Forward Funding Agreement. The contractor has until 21 May 2021 to rectify the defects in respect of the pay less notice.

On behalf of the board



Irina Grigore
Director
30 March 2021



Jonathan Knight
Director
30 March 2021

New Waverley 20 Limited

DIRECTORS' REPORT

For the year ended 30 June 2020

The Directors present their report and audited financial statements of New Waverley 20 Limited (the "Company") for the year ended 30 June 2020.

Principal activity

The Company held development land in Edinburgh. On 17 October 2017 the land was sold to the purchaser, via a Forward Funding Agreement. The Company developed an office for the purchaser under the Forward Funding Agreement. Practical completion was achieved on 21 May 2019. The Company has no employees.

Future developments

The Company has completed the development of the office building for the purchaser and on completion of the latent defects period the Company shall be closed which is expected in 2022.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company.

Covid-19 pandemic assessment

The financial results, included in the financial statements for the year ended 30 June 2020, were not impacted by the Covid-19 pandemic as the development was completed in May 2019 and a significant part of the outstanding developer retention has been invoiced to and received from the purchaser. The Company continues to monitor the situation in order to react promptly to any economic impact.

Results and dividends

The loss for the year drawn from retained earnings was £24,725 (2019: profit of £5,874,035 taken to retained earnings).

During the year the Company recommended and paid dividends of £5,000,000 (2019: £6,500,000) to its parent company, New Waverley 10 Limited.

Directors

The Directors who held office during the year and to date were as follows:

Jonathan Knight

Karen Tiplady

(Resigned 1 April 2020)

Irina Grigore

(Appointed 1 April 2020)

Secretary

Helen Cullen was the secretary of the Company until her resignation on 1 July 2020. In accordance with the Companies Act 2006 a company secretary is not a statutory requirement, therefore one was not appointed afterwards.

Independent Auditor

The auditor, PricewaterhouseCoopers LLC, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting.

On behalf of the board



Irina Grigore
Director
30 March 2021



Jonathan Knight
Director
30 March 2021

New Waverley 20 Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). 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 affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors 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.

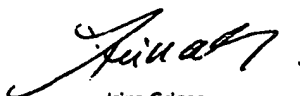
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

On behalf of the board



Irina Grigore
Director
30 March 2021



Jonathan Knight
Director
30 March 2021

Independent auditor's report to the member of New Waverley 20 Limited

Report on the audit of the financial statements

Opinion

In our opinion, New Waverley 20 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2020; the statement of profit or loss and other comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information 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, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicola Shepstone (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLC
Statutory Auditors
Isle of Man
30 March 2021

New Waverley 20 Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

| GBP | Note | Year ended 30 June 2020 | Year ended 30 June 2019 |
|--|------|----------------------------|----------------------------|
| Sale of inventory property | 4 | - | 34,909,266 |
| Cost of sales of inventory property | 5 | - | (27,644,094) |
| Gross profit | | - | 7,265,172 |
| Other income | 10 | 1 | - |
| Corporate expenses | 6 | (26,520) | (14,348) |
| Operating (loss)/profit | | (26,519) | 7,250,824 |
| Finance income | 7 | 1,794 | 538,884 |
| Finance costs | 8 | - | (537,817) |
| (Loss)/profit before income tax | | (24,725) | 7,251,891 |
| Income tax | 9 | - | (1,377,856) |
| (Loss)/profit for the financial year | | (24,725) | 5,874,035 |
| Total comprehensive (expense)/income for the year | | (24,725) | 5,874,035 |

The notes on pages 10 to 17 form part of these financial statements.

New Waverley 20 Limited
STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

| GBP | Note | As at 30 June 2020 | As at 30 June 2019 |
|-------------------------------------|------|-----------------------|-----------------------|
| <i>Current assets</i> | | | |
| Trade and other receivables | 10 | 825,076 | 832,114 |
| Cash and cash equivalents | 11 | 186,533 | 8,984,146 |
| Capital contribution | 12 | - | 10,394,147 |
| Income tax receivable | | 2,380 | - |
| Total current assets | | 1,013,989 | 20,210,407 |
| Total assets | | 1,013,989 | 20,210,407 |
| <i>Equity</i> | | | |
| Share capital | 13 | 100 | 100 |
| Retained earnings | | 158,541 | 5,183,266 |
| Total equity | | 158,641 | 5,183,366 |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 14 | 855,348 | 4,056,824 |
| Income tax payable | | - | 576,070 |
| Capital contribution | 12 | - | 10,394,147 |
| Total current liabilities | | 855,348 | 15,027,041 |
| Total liabilities | | 855,348 | 15,027,041 |
| Total equity and liabilities | | 1,013,989 | 20,210,407 |

These financial statements were authorised for issue and approved by the Board of Directors on 30 March 2021, and signed on their behalf by:


Irina Grigore
Director


Jonathan Knight
Director

The notes on pages 10 to 17 form part of these financial statements.

New Waverley 20 Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

| GBP | Share capital | Retained earnings | Total equity |
|--|---------------|-------------------|------------------|
| Balance as at 30 June 2018 | 100 | 5,809,231 | 5,809,331 |
| <i>Comprehensive income for the year</i> | | | |
| Profit for the financial year | - | 5,874,035 | 5,874,035 |
| Total comprehensive income for the year | - | 5,874,035 | 5,874,035 |
| <i>Transactions with the owners of the Company</i> | | | |
| Dividends during the year | - | (6,500,000) | (6,500,000) |
| Balance as at 30 June 2019 | 100 | 5,183,266 | 5,183,366 |
| <i>Comprehensive expense for the year</i> | | | |
| Loss for the financial year | - | (24,725) | (24,725) |
| Total comprehensive expense for the year | - | (24,725) | (24,725) |
| <i>Transactions with the owners of the Company</i> | | | |
| Dividends during the year | - | (5,000,000) | (5,000,000) |
| Balance as at 30 June 2020 | 100 | 158,541 | 158,641 |

The notes on pages 10 to 17 form part of these financial statements.

New Waverley 20 Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

1. Company information

New Waverley 20 Limited (the "Company") was incorporated on 28 November 2016 in the United Kingdom, under the Companies Act 2006 as a private limited company. The registered number is SC551285 and the registered address is 13 Hill Street, Edinburgh, EH2 3JZ. The Company is domiciled in the United Kingdom.

The Company held development land in Edinburgh. On 17 October 2017 the land was sold to the purchaser, via a forward funding sale agreement. The Company developed an office for the purchaser under the forward funding sale agreement. Practical completion was achieved on 21 May 2019.

The results of the Company are included in the consolidated financial statements of MAS Real Estate Inc., which is the Company's ultimate parent. Consolidated financial statements of MAS Real Estate Inc. are available from 2nd Floor, Clarendon House, Victoria Street, Douglas, Isle of Man, IM1 2LN and from the website of MAS Real Estate Inc. (www.masrei.com).

2. Basis of preparation

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In the preparation of these financial statements, the following exemptions from the requirements of IFRS have been applied in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

As the consolidated financial statements of the ultimate parent include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number of weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.

Basis of measurement

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

New Waverley 20 Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2020

2. Basis of preparation (continued)

Use of judgement and estimation uncertainty

In the preparation of these financial statements in conformity with FRS 101, the Directors have made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts in the financial statements. The Directors continually evaluate these judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses based upon historical experience and on other factors that they believe to be reasonable under the circumstances. Actual results may differ from the judgements, estimates and assumptions.

The key area of judgement is as follows:

- *When to recognise revenue relating to the sale of inventory property:* Once a sale agreement contract is negotiated and a sale of property is agreed, the Company assesses whether control is transferred at a point in time or over time. The judgement is based on the terms and conditions of the sale agreement.

The key area of estimation uncertainty is:

- *Continuous sale transactions:* On 17 October 2017 the Company entered into an agreement to dispose of the land that was designated for offices at New Waverley in Edinburgh, Scotland to Legal & General Pensions Limited and to develop the office on a forward funding basis for Legal & General ("the Forward Funding Agreement"). The transaction has been accounted for as a continuous sale transaction and the following assumptions have been made to estimate the costs of completion to determine the amounts of revenue recognised:
 - Construction costs; and
 - Stage of completion.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates. These financial statements are presented in British Pounds ('GBP') which is the Company's functional and presentational currency.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company.

Adoption of new and revised standards

There are no new or revised standards applicable for these financial statements.

3. Significant accounting policies

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

Continuous sale transaction

On 17 October 2017 the Company entered into an agreement to dispose of land designated for offices at New Waverley in Edinburgh, Scotland to Legal & General and to develop the office on a forward funding basis for Legal & General ("the Forward Funding Agreement"). Although the Forward Funding Agreement is not a typical construction contract, the legal terms are such that the development project undertaken by the Company on behalf of Legal & General represents a continuous transfer of work in progress to Legal & General. Accordingly, this aspect of the accounting for the Forward Funding Agreement has been determined by applying IAS 11 by analogy even though the contract is not part of the normal operations of the Company.

The transaction was accounted for as a continuous sale transaction and the following assumptions were made to estimate the costs of completion to determine the amounts of revenue recognised:

- Construction costs; and
- Stage of completion.

Practical completion was achieved on 21 May 2019, therefore the sale is completed with all sale proceeds and costs of sales in relation to the inventory property accounted for in the financial year ended 30 June 2019.

New Waverley 20 Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2020

3. Significant accounting policies (continued)

Tax

Income tax for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the reporting period plus / minus any adjustments to the tax payable or receivable in respect of previous years. It is measured using enacted or substantively enacted tax rates at the reporting date.

Capital contribution

On 13 July 2017 the Company entered into a lease with the UK Government ("the Pre-let Agreement") for the office component of the New Waverley development in Edinburgh, Scotland ("the Pre-let Office"). Under the terms of the Pre-let Agreement, the Company is obligated to pay £21,593,520 for the office fit-out when the UK Government takes occupation of the Pre-let Office. This is referred to as the capital contribution to the UK Government in relation to the office fit-out ("capital contribution").

The Company received £20,841,671 for the sale of the office land to Legal & General Pensions Limited ("Legal & General") under the Forward Funding Agreement. The amounts relating to an agreed rent-free period and the capital contribution are included in the development costs and are funded by Legal & General under the Forward Funding Agreement, subject to there being sufficient developer profits. Accordingly, the Company has recognised:

- a financial liability of £Nil (2019: £10,394,147) due to the UK Government in respect of the capital contribution and a financial asset of £Nil (2019: £10,394,147) due from Legal & General in respect of the capital contribution. On 18 July 2019 a further receipt and payment of £5,197,076 was received from Legal & General and paid to the UK Government. On 19 September 2019 the final receipt and payment of £5,197,071 was received from Legal & General and paid to the UK Government.

The financial liability and financial asset have not been offset because the offsetting criteria in IAS 32 – Financial Instruments: Presentation, have not been met.

- a financial liability due to Legal & General ("the purchaser") in respect of the reimbursement of a pre-negotiated lease incentive, payable to the purchaser; and financial asset due from Legal & General in respect of the reimbursement. The financial liability and financial asset have been offset because the offsetting criteria in "IAS 32 – Financial Instruments: Presentation" have been met. The Company expects to settle these financial instruments on a net basis under the terms of the Forward Funding Agreement.

The financial assets and financial liabilities referred to above have been discounted at a market related interest rate as they are only due upon practical completion. This has resulted in the recognition of finance income and finance costs on the amortisation of the capital contribution of financial assets and financial liabilities respectively.

Also included in development costs in the Forward Funding Agreement is the land and buildings transaction tax ("LBTT") on the office land sale. The Company was obliged to settle these costs, £928,125 with Legal & General on practical completion, 21 May 2019, and used the funding provided by Legal & General to do so, as there were sufficient developer profits. The financial liabilities due to Legal & General in respect of the LBTT, £928,125 have been offset by the financial asset due from Legal & General in respect of the funding available under the Forward Funding Agreement. The Company settled these financial instruments on a net basis under the terms of the Forward Funding Agreement upon practical completion.

New Waverley 20 Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2020

3 Significant accounting policies (continued)

Financial instruments

i. Initial recognition and measurement

Financial instruments are recognised when the Company becomes party to the contractual terms of the instrument. They are initially recognised at fair value plus any directly attributable transaction costs.

ii. Financial assets

Financial assets at amortised cost

Financial assets are classified as financial assets at amortised cost only if both the following criteria are met:

- the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest is the consideration for the time value of money and credit risk associated with the principal amount outstanding.

The Company's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

These financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

For trade receivables the Company applies the simplified approach to measuring expected credit losses. Therefore, there is no need to monitor significant increases in credit risk and lifetime expected credit losses are recognised at all times.

Derecognition of financial assets

The Company derecognises a financial asset once the asset has been transferred, and the transfer of that asset is subsequently eligible for derecognition.

iii. Financial liabilities

Financial liabilities at amortised cost

All financial liabilities are classified as financial liabilities at amortised cost unless they meet the criteria for classification as financial liabilities at fair value through profit or loss. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises a financial liability when the contractual obligations of the liability expire, for example when the obligation specified in the contract is discharged, cancelled or expired.

New Waverley 20 Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2020

3 Significant accounting policies (continued)

Profit on sales of inventory property

The Company enters into contracts with customers to sell property which is either complete or under development. Where contracts include development management services and consequently include the provision of a number of goods and services, the Company determines whether the goods and services are distinct and accounts for them as a single performance obligation if they are not separately identifiable from other promises in the contract.

The Company determines whether control is transferred at a point in time or over time based on the following:

- Sales of inventory property under development are recognised over time when the Company's performance creates an asset that the customer controls as the asset is created. In these situations, the Company recognises sales of inventory property to the extent that the performance obligations have been satisfied.
- Sales of inventory property under development are recognised on completion when control is transferred at a point in time.

For contracts where sales of inventory property are recognised over-time, the Company's performance is measured using the input method, by reference to the costs incurred as a percentage of the total expected costs required to satisfy the performance obligation. The Company excludes the effect of costs incurred that do not contribute to the Company's performance obligations, such as wastage, and adjusts for costs incurred that are not proportionate to the Company's progress in satisfying the performance obligations, such as uninstalled materials.

Where contracts for the sale of inventory property include a variable consideration, the transaction price is estimated and includes the impact of constraints. The Company uses either the most likely value method or expected value method depending on which best predicts the transaction price.

The Company does not adjust the transaction price for the effects of a financing component in the contract, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the company transfers that promised good or service to the customer will be one year or less.

Corporate expenses

Corporate expenses are those expenses other than direct property expenses. They are recognised in profit or loss in the period in which they are incurred.

4. Sale of inventory property

Revenue is recognised with reference to the stage of completion of the contract activity. The stage of completion of the contract is determined as the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. On 21 May 2019 practical completion was achieved on the New Waverley development in Edinburgh, Scotland and all revenue related to this property.

Construction retentions of £702,396 (2019: £702,396) are still receivable as at the year end and have been included within trade receivables.

5. Cost of sales of inventory property

Cost of sales are based on costs incurred to date as a percentage of estimated total contract costs, the contract was 100.00% complete at 30 June 2019.

Cost of sales include retentions of £Nil (2019: £702,396) and £702,936 are still payable as at the year end.

New Waverley 20 Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2020

6. Corporate expenses

| GBP | Year ended 30 June 2020 | Year ended 30 June 2019 |
|--|----------------------------|----------------------------|
| Group recharges | 22,763 | 130 |
| Legal and professional services | 3,040 | 1,500 |
| Audit fees payable to the company's auditors | 610 | 10,298 |
| Bank charges | 107 | 1,076 |
| Insurance | - | 1,344 |
| | 26,520 | 14,348 |

7. Finance income

| GBP | Year ended 30 June 2020 | Year ended 30 June 2019 |
|--|----------------------------|----------------------------|
| Unwinding of discount on capital contribution receivable | - | 537,817 |
| Other interest | 1,794 | 1,067 |
| | 1,794 | 538,884 |

8. Finance costs

| GBP | Year ended 30 June 2020 | Year ended 30 June 2019 |
|---|----------------------------|----------------------------|
| Unwinding of discount on capital contribution payable | - | 537,817 |

9. Income tax

The Company is subject to UK corporation tax at a rate of 19% (2019: 19%).

Tax expense included in profit or loss:

| GBP | Year ended 30 June 2020 | Year ended 30 June 2019 |
|--|----------------------------|----------------------------|
| Current tax - UK corporation tax on profits for the year | - | 1,377,856 |
| Tax on profit | - | 1,377,856 |

Tax expense for the year is higher (2019: lower) than the standard rate of corporation tax in the UK for the year ended 30 June 2020 of 19% (2019: 19%). The differences are explained below:

| GBP | Year ended 30 June 2020 | Year ended 30 June 2019 |
|---|----------------------------|----------------------------|
| Profit / (loss) before tax | (24,725) | 7,251,891 |
| Profit / (loss) multiplied by the standard rate of tax in the UK of 19% (2019: 19%) | (4,698) | 1,377,859 |
| Effects of: | | |
| Under provision in respect of prior years | - | (3) |
| Losses carried forward | 4,698 | - |
| Tax charge | - | 1,377,856 |

A change to the UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

New Waverley 20 Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2020

10. Trade and other receivables

The Company's trade and other receivables comprise:

| GBP | As at 30 June 2020 | As at 30 June 2019 |
|--------------------------------|-----------------------|-----------------------|
| Trade receivables | 825,075 | 832,014 |
| Amount due from parent company | 1 | - |
| Unpaid share capital | - | 100 |
| Closing balance | 825,076 | 832,114 |

The carrying amount of trade receivables approximate their fair value. The amount due from the Company's parent company, New Waverley 10 Limited, relates to the sale of a small parcel of land along the boundary, which arose from a small variation between the footprint of the planning and the land originally transferred to New Waverley 20 Limited from New Waverley 10 Limited. The land had no real value based on discussions by the directors with an independent valuer, and as such was allocated a nominal value.

11. Cash and cash equivalents

| GBP | As at 30 June 2020 | As at 30 June 2019 |
|---------------|-----------------------|-----------------------|
| Bank balances | 186,533 | 8,984,146 |

12. Capital contribution

Current assets

| GBP | As at 30 June 2020 | As at 30 June 2019 |
|--|-----------------------|-----------------------|
| Opening balance | 10,394,147 | 21,716,718 |
| Release of capital contribution | (10,394,147) | (11,860,388) |
| Finance income – unwinding of discount | - | 537,817 |
| Closing balance | - | 10,394,147 |

Current liabilities

| GBP | As at 30 June 2020 | As at 30 June 2019 |
|---------------------------------------|-----------------------|-----------------------|
| Opening balance | 10,394,147 | 21,716,718 |
| Release of capital contribution | (10,394,147) | (11,860,388) |
| Finance costs – unwinding of discount | - | 537,817 |
| Closing balance | - | 10,394,147 |

13. Share capital

| | As at 30 June 2020 | As at 30 June 2019 |
|--|-----------------------|-----------------------|
| Issued, called up and paid during the year | | |
| Ordinary shares at £1 each | 100 | 100 |

New Waverley 20 Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2020

14. Trade and other payables

| GBP | As at 30 June 2020 | As at 30 June 2019 |
|---|-----------------------|-----------------------|
| Developer retentions | 722,802 | 722,802 |
| Accruals | 104,983 | 298,212 |
| Intercompany trade payable - MAS (IOM) Holdings Limited | 22,763 | 130 |
| Trade payables | 4,800 | 2,760 |
| VAT payable | - | 2,332,050 |
| Intercompany trade payable – New Waverley 10 Limited | - | 700,870 |
| | 855,348 | 4,056,824 |

The amount owed to MAS (IOM) Holdings Limited is unsecured, interest free and repayable on demand.

The amount owed to New Waverley 10 Limited was unsecured, interest free and was repaid in full in December 2019.

The carrying amount of trade and other payables approximate their fair value.

15. Related parties

| Related party | Relationship | Nature of the transaction | As at 30 June 2020 | As at 30 June 2019 |
|-------------------------------|------------------------|--|-----------------------|-----------------------|
| New Waverley 10 Limited | Immediate parent | Intercompany trade payable | - | (700,970) |
| | | Unpaid share capital | - | 100 |
| | | Receivable due from sale of remaining land | 1 | - |
| MAS (IOM) Holdings Limited | Intermediate parent | Intercompany trade payable | (22,763) | (130) |
| | | | (22,762) | (701,000) |

Directors remuneration

The Directors of the Company did not receive remuneration for their services during the year (2019: Nil).

Parent and ultimate controlling party

New Waverley 10 Limited is the Company's immediate parent and MAS Real Estate Inc. is the Company's ultimate parent. MAS Real Estate Inc. is the only group to consolidate these financial statements.

16. Employees

The Company had no employees during the year (2019: none).

17. Subsequent events

Since the reporting date, in November 2020, £22,528 was received from HMRC in relation to the tenant variations on the construction of the office building. Also, in November 2020, £698,298 was received from the purchaser.

The contractor, McAleer & Rushe, issued payment notice 27 for £679,317 which is the developer retention amount less the pay less notice amount of £29,250, this was paid on 2 December 2020. The final retentions balance of £43,485 is due to be cleared on or before 21 May 2021.

The Covid-19 pandemic continues post year end, however as the development was completed in May 2019 and the only amounts relate to the outstanding developer retention and amounts due from the purchaser, the majority of which has been received and paid, no significant impact is expected from the continuing pandemic. The Company continues to monitor the situation.