Company Registration No. 10814415 (England and Wales)

CIFCO CAPITAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2018

CIFCO CAPITAL LIMITED

COMPANY INFORMATION

Directors	Mr H W Cooke	(Appointed 12 June 2017)
	Mr D T Haley	(Appointed 12 June 2017)
	Mr C Haworth	(Appointed 12 June 2017)
	Mr N A Ridley	(Appointed 12 June 2017)
	Mr M Sargeantson	(Appointed 12 June 2017)
	Mrs E Brightman	(Appointed 31 January 2019)
Company number	10814415	
Registered office	C/O B&Msdc Endeavour House 8 Russell Road Ipswich Suffolk IP1 2BX	
Auditor	Ensors Accountants LLP Cardinal House 46 St Nicholas Street Ipswich Suffolk IP1 1TT	

CIFCO CAPITAL LIMITED

CONTENTS

The directors present their strategic report and the financial statements for the period ended 30 June 2018.

Review of the business

The incorporation of CIFCO Capital Limited and its associated structure are borne out of a necessity to supplement, and ultimately replace, central Government financial support to Babergh and Mid Suffolk District Councils ("the Shareholders"). In order to deliver this, CIFCO Capital Limited was incorporated as a Special Purpose Vehicle (SPV) to invest in commercial assets for a profit. The rationale for commercial assets being targeted is:

- Commercial property tends to generate higher income returns
- The residential investment market via the private rented sector whilst emerging has yet to establish itself as an institutional asset class
- To avoid conflict with the Councils' housing policies as may arise from time to time
- Focus on investment for the Eastern Region (but not exclusive to), with the prime purpose of generating profits back to the Council.
- To undertake sustainable long term investment in commercial opportunities through the investment of an aggregated £50,000,000 representing £25,000,000 investment from each of the two shareholders
- To generate short/medium term income to support the revenue gap arising from the reduction in central government funding
- To guide future investment decisions, asset management opportunities and the management of the investment fund
- To ensure that investment opportunities taken are ethical and fit with the values of the two shareholding Councils

The geographical area targeted for acquisition is made up of those counties that when combined make up the East of England. The principal investment counties that make up the East of England for the purposes of CIFCO Capital Limited are:

- Suffolk
- Norfolk
- Cambridgeshire
- Essex
- Bedfordshire
- Hertfordshire

Investment in assets outside of this region will be considered where good opportunities to add value to the portfolio arise or where market opportunities do not allow for the initial investment to be realised.

The structure is based upon both Councils setting up their own wholly-owned holding companies which then take a 50% equal shareholding in the jointly owned investment company limited by shares. Each of the Councils' own companies are a holding/parent company.

Principal risks and uncertainties

The principal risks and uncertainties impacting the entity are: the portfolio fails to realise returns due to its nature, structure or management; asset obsolescence over time; void periods resulting in the fund making a net loss or falls short of Business plan targets.

The market may present challenges with a reduction in suitable opportunities, including through upturn and competition in market, resulting in the full fund not being invested.

Results and performance

The Board has considered the merits of acquiring 84 assets. It has:

- Rejected 68 as unsuitable
- Submitted offers on 16
- Acquired 6

The result - a strong and mixed asset portfolio that meets the need of the business plan as set by our parent Councils.

The Portfolio value of £23,572,000 is currently comprised of 6 assets. The company receives £1,410,466 in rental income per annum from these properties, which will rise to £1,462,448 by 2022 based on ERV assumptions and known reversions.

The Portfolio is expected to produce rental income of circa £2.8 million per annum once fully invested. Upon full investment of £50 million, loan payments to each Council are expected to be circa £1.2 million.

As at the year end the company had net current liabilities of £1,534,135 of which £854,437 was repaid in early Feb 19. This is the first year of trading and the company has the support of its owners.

Analysis based on key performance indicators

Management use a range of measures to monitor and manage the business. The four Key Performance Indicators are:

- KPI 1: Net initial yield performance against target
- KPI 2: Progress against 18 month full investment target
- KPI 3: Net distribution performance against target
- KPI 4: Core assets in portfolio against minimum 25% target during the initial investment phase.

The directors believe that the company is on course to meet its targets.

On behalf of the board

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Mr C Haworth

Director

21/2/2019

The directors present their annual report and financial statements for the period ended 30 June 2018.

Principal activities
The company was incorporated on 12th June 2017, the principal activity of the company is to purchase commercial properties with a view to earning rental income. The company commenced activities in July 2017.

Results and dividends
The results for the period are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr H W Cooke	(Appointed 12 June 2017)
Mr D T Haley	(Appointed 12 June 2017)
Mr C Haworth	(Appointed 12 June 2017)
Mr N A Ridley	(Appointed 12 June 2017)
Mr M Sargeantson	(Appointed 12 June 2017)
Mrs E Brightman	(Appointed 31 January 2019)

Financial instruments

Liquidity risk
The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk
The company is exposed to fair value interest rate risk on its fixed rate borrowings. The directors believe the exposure to interest rate risk is minimal given the availability of flexible funding and support from the ultimate shareholders of the business.

Credit risk
Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

Customers are tenants of the Company's investment properties and signed lease agreements are in place for all tenants. Trade Receivables are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Future developments
The company aims to complete the acquisition process to invest the full £50 million investment from its shareholders and to manage the invested portfolio to maximise the income from the assets and their value.

Auditor
Ensors Accountants LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006. Ensors Accountants LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

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Mr C Haworth

Director

Date: 21|2|2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CIFCO CAPITAL LIMITED

Opinion

We have audited the financial statements of CIFCO Capital Limited (the 'company') for the period ended 30 June 2018 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

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

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

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

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

Helen Rumsey (Senior Statutory Auditor)
for and on behalf of Ensors Accountants LLP

5 March 2019

Chartered Accountants
Statutory Auditor

Cardinal House
46 St Nicholas Street
Ipswich
Suffolk
IP1 1TT

CIFCO CAPITAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2018

	Notes	Period ended 30 June 2018 £
Revenue	**3**	543,467
Gross profit		543,467
Administrative expenses		(153,513)
Exceptional items	**4**	(1,409,711)
Operating (loss)/profit		(1,019,757)
Investment revenues	**8**	426
Finance costs	**9**	(450,646)
(Loss)/profit before taxation		(1,469,977)
Income tax expense	**10**	(18,341)
(Loss)/profit and total comprehensive income for the period	**19**	(1,488,318)

The income statement has been prepared on the basis that all operations are continuing operations.

CIFCO CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	2018 £
Non-current assets		
Investment property	**11**	23,572,000
Current assets		
Trade and other receivables	**12**	292,822
Cash and cash equivalents		579,502
		872,324
Total assets		24,444,324
Current liabilities		
Trade and other payables	**15**	395,117
Current tax liabilities		18,341
Borrowings	**14**	1,688,692
Deferred revenue	**16**	304,309
		2,406,459
Net current liabilities		(1,534,135)
Non-current liabilities		
Borrowings	**14**	21,049,415
Total liabilities		23,455,874
Net assets		988,450
Equity		
Called up share capital	**17**	100
Share premium account	**18**	2,476,668
Retained earnings	**19**	(1,488,318)
Total equity		988,450

The financial statements were approved by the board of directors and authorised for issue on 21 February 2019 and are signed on its behalf by:

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Mr C Haworth

Director

Company Registration No. 10814415

CIFCO CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2018

	Notes	Share capital	Share premium account	Retained earnings	Total
		£	£	£	£
Balance at 12 June 2017		-	-	-	-
Period ended 30 June 2018:					
Loss and total comprehensive income for the period		-	-	(1,488,318)	(1,488,318)
Issue of share capital	17	100	2,476,668	-	2,476,768
Balance at 30 June 2018		100	2,476,668	(1,488,318)	988,450

CIFCO CAPITAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2018

	Notes	2018 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	**22**		796,558
Interest paid			(450,646)
Net cash inflow/(outflow) from operating activities			345,912
Investing activities			
Purchase of investment property		(24,981,711)	
Interest received		426	
Net cash used in investing activities			(24,981,285)
Financing activities			
Proceeds from issue of shares		2,476,768	
Proceeds from borrowings		22,738,107	
Net cash generated from/(used in) financing activities			25,214,875
Net increase in cash and cash equivalents			579,502
Cash and cash equivalents at beginning of year			-
Cash and cash equivalents at end of year			579,502

1 Accounting policies

Company information

CIFCO Capital Limited is a private company limited by shares incorporated in England and Wales. The registered office is C/O B&Msdc Endeavour House, 8 Russell Road, Ipswich, Suffolk, IP1 2BX.

The financial statements of CIFCO Capital Limited for the period ended 30 June 2018 were authorised for issue by the board of directors on 21 February 2019 and the balance sheet was signed on the board's behalf by Mr C Haworth.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

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 on the historical cost basis, except for the revaluation of investment properties. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition the company has the support of its owners. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

The Company's financial statements are prepared on an accruals basis. Income is recognised in the Accounts in the accounting period in which the effect of the relevant transaction takes place and not in the period in which the cash is received.

This means that rental income and other receipts are accounted for as income at the date the Company provides the relevant service. Where income has been recognised but cash has not yet been received, a debtor for the relevant amount is recorded in the Statement of Financial Position.

1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.5 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.6 Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1 Accounting policies **(Continued)**

1.7 Financial assets

Financial assets are classified into two types:

- Loans and receivables: assets that have fixed or determinable payments but are not quoted in an active market
- Available for sale assets: assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables

Loans and receivables are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and subsequently measured at their amortised cost.

1.8 Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the Company becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Finance Charges line in the Income Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Company has, this means that the amount presented in the Statement of Financial Position is the outstanding principal repayable (plus accrued interest), and interest charged to the Income Statement is the amount payable for the year according to the loan agreement.

1.9 Equity instruments

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.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Valuation of investment properties

Investment properties are valued at open market value by the directors with reference to recent property transactions. The directors will obtain third party valuations of investment properties at regular intervals to ensure that the fair value of these properties is kept up to date.

3 Revenue

	2018
	£
Revenue analysed by class of business	
Rental income	543,467

	2018
	£
Other significant revenue	
Interest income	426

4 Exceptional items

	2018
	£
Impairment	(1,409,711)

The initial professional fees that were recognised on acquisition of the investment properties have been impaired at the year end to accurately reflect the fair value at the balance sheet date.

5 Auditor's remuneration

	2018
Fees payable to the company's auditor and associates:	£
For audit services	
Audit of the financial statements of the company	5,750
For other services	
Other services	18,232

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2018
	Number
	3

Their aggregate remuneration comprised:

	2018
	£
Wages and salaries	30,000

7 Directors' remuneration

	2018
	£
Remuneration for qualifying services	30,000

8 Investment income

	2018
	£
Interest income	
Bank deposits	325
Other interest income	101
Total interest revenue	426

Total interest income for financial assets that are not held at fair value through profit or loss is £325.

9 Finance costs

	2018
	£
Other interest payable	450,646

10 Income tax expense

	2018
	£
Current tax	
UK corporation tax on profits for the current period	18,341

The charge for the period can be reconciled to the loss per the income statement as follows:

	2018
	£
Loss before taxation	(1,469,977)
Expected tax credit based on a corporation tax rate of 19.00%	(279,296)
Effect of expenses not deductible in determining taxable profit	16
Change in unrecognised deferred tax assets	267,845
Transfer pricing adjustments	29,776
Taxation charge for the period	18,341

11 Investment property

	2018
	£
Fair value	
At 12 June 2017	-
Additions through acquisition	24,981,711
Fair value adjustment	(1,409,711)
At 30 June 2018	23,572,000

Investment properties have been valued on an open market basis by reference to recent transaction prices. In the opinion of the directors there has been no material movement in the fair value of the investment properties since their purchase during the period.

On that basis the properties have been impaired by only the capitalised professional fees.

There have been no independent valuations of investment properties since the date each property was purchased.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2018
	£
Cost	24,981,711
Accumulated depreciation	(122,798)
Carrying amount	24,858,913

The above table summarises the value of investment properties on an amortised cost basis, where buildings are depreciated over their useful life of 50 years and land is not depreciated.

12 Trade and other receivables

	2018
	£
Trade receivables	136,099
Amount due from parent undertakings	129,918
Prepayments and accrued income	26,805
	292,822

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

13 Trade receivables - credit risk

Fair value of trade receivables
The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

14 Borrowings

Secured borrowings at amortised cost	
Loans from parent undertakings	22,738,107

Analysis of borrowings
Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2018
	£
Current liabilities	1,688,692
Non-current liabilities	21,049,415
	22,738,107

Borrowings are secured on the investment properties of the Company.

15 Trade and other payables

	2018
	£
Trade payables	17,162
Amount due to parent undertakings	241,720
Accruals	56,778
Social security and other taxation	62,142
Other payables	17,315
	395,117

16 Deferred revenue

	2018
	£
Arising from rental contracts	304,309

Analysis of deferred revenue

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2018
	£
Current liabilities	304,309

17 Share capital

	2018
Ordinary share capital	£
Issued and fully paid	
50 Ordinary A shares of £1 each	50
50 Ordinary B shares of £1 each	50
	100

A and B shares rank pari passu in all respects.

Reconciliation of movements during the period:

	Ordinary A Shares Number	Ordinary B Shares Number
At 12 June 2017	-	-
Issue of fully paid shares	50	50
At 30 June 2018	50	50

50 ordinary A shares and 50 ordinary B shares were issued on incorporation.

18 Share premium account

	2018
	£
At beginning of period	-
Issue of new shares	2,476,668
At end of period	2,476,668

The equity subscription agreement states that as properties are acquired, the Company shall issue an equal number of shares to each holding company with the equivalent value of 10% of the property. This agreement was not signed until September 2018. As at the date of the agreement there will be a catch up issue of shares.

For the period ended 30th June 2018, 10% of the cost of the properties acquired per the completion statements have been treated as share premium. The intention is that the catch up issue of shares will be a bonus issue from share premium to cover this period.

19 Retained earnings

	2018
	£
At the beginning of the period	-
Loss for the period	(1,488,318)
At the end of the period	(1,488,318)

20 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, cash and cash equivalents and equity comprising share capital, share premium and retained earnings. The Company regularly reviews the capital structure and as part of this review considers the cost of capital and the risks associated with each class of capital.

The Company has a target gearing ratio of 90% determined as the proportion of debt to equity.

The majority of capital introduced to the Company is immediately used for the purchase of investment properties and is therefore consider to be low risk.

The Company is not subject to any externally imposed capital requirements.

21 Related party transactions

Remuneration of key management personnel
The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2018 £
Short-term employee benefits	30,000

Other transactions with related parties
During the period the Company entered into the following transactions with related parties:

	Finance costs 2018 £
Entities with joint control or significant influence over the company	450,646

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties 2018 £
Entities with joint control or significant influence over the company	22,979,827

Amounts owed to related parties are secured on the Company's investment properties.

No guarantees have been given or received.

22 Cash generated from operations

	2018
	£
Loss for the period after tax	(1,488,318)
Adjustments for:	
Taxation charged	18,341
Finance costs	450,646
Investment income	(426)
Fair value gains and losses on foreign exchange contracts and investment properties	1,409,711
Movements in working capital:	
Increase in trade and other receivables	(292,822)
Increase/(decrease) in trade and other payables	395,117
Increase/(decrease) in deferred revenue	304,309
Cash generated from/(absorbed by) operations	796,558