Registered number:
07892904

VORDERE LIMITED

(FORMERLY VORDERE PLC)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

VORDERE LIMITED
(FORMERLY VORDERE PLC)

COMPANY INFORMATION

Directors	PLR Hewitt, JP, FCSI (Chairman)	(Appointed 25 October 2019)
	M Fernandes	(Appointed 27 April 2020)
	D Healy	(Appointed 27 April 2020)
Company secretary	Filex Services Limited	
Registered number	07892904	
Registered office	No.1 London Bridge London SE1 9BG	
Independent auditors	Mercer & Hole Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE	

VORDERE LIMITED
(FORMERLY VORDERE PLC)

CONTENTS

VORDERE LIMITED
(FORMERLY VORDERE PLC)
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Chairman's Statement

It is with pleasure that I present the new Board's first annual report to shareholders for the year ended 31st March 2020. Firstly though, I would like to express my appreciation to shareholders for their patience and support during this difficult time for the Group. Although these financial statements show that there has been a significant diminution in Group and Company net asset value, this is as a result of the new Board ensuring that the valuation methodology for the Group's properties more accurately reflects the current values of the properties in the current economic climate, rather than the more subjective valuation method used by the previous Board. The methodology used is explained further within these financial statements.

The new Board has been in place since October 24th 2019, following the General Meeting ("GM"). Since then, the Board has spent a considerable amount of time and effort in understanding both the full operating picture of the business including the contested Brazilian transaction, as well as the condition of each of the German properties.

As indicated previously, the preservation and enhancement of property values remains a principal driver for the Company and we remain committed to reducing professional fees whilst maintaining minimal operational costs so as to ensure that maximum funds remain available to invest in projects, where appropriate. As is good practice, we maintain 12-month forward projections of expenditure to ensure we have sufficient funds to operate the Company and also to ensure the value of our properties is protected.

Despite the restrictions imposed by the Covid-19 pandemic, the Board has been is active in managing each of the properties in terms of enhancing value or marketing those where limited or no value increase is possible. The properties are mostly development land which have no rental income but carry a cost burden associated with the administration. The Board has worked hard to prioritise the sales of properties where the potential gains are small.

Business Review

The Group's loss for the year was £38,201,062 (2019: £2,586,891) of which £32,680,927 related to the write-down of the value of the properties, as explained below. The Net Asset Value of the Group is £41,911,681 (2019: £23,303,713) and with 480,702,886 shares in issue, this represents a net asset value per share of £0.08719.

In December 2019, one property, Mohrinee Alle was sold for a gross amount of €1.9m. Substantially all of this amount was used to settle overdue Real Estate Transfer Taxes from the acquisitions completed by the previous Board.

At the year-end the Group had £1m in cash (2019: £5.6m) and no secured debt (2018: nil) The substantial reduction in the cash balances held by the Group and Company reflect the high level of professional fees incurred by the previous Board which included some £648,041 that were paid out by the previous Board during the week prior to the GM. From this amount, £423,235 was paid to the previous directors and related parties and a further total of £153,928 was paid to GGRM Law, the Company's then lawyers and their trustee company, Truva to, inter alia, terminate their legal and trustee services.

Business review (continued)

The professional fees and administration costs for the FYE 2020 were £2,679,980, where the majority of these expenses were incurred by the previous Board. A breakdown of the costs incurred by the previous Board pre-the GM and the new Board, post the GM are shown below.

In the 7 months prior to the GM the previous Board incurred professional fees of £1,892,715 and related parties received a total of £780,182 – see Note 25 for further detail. Of this amount, £537,080 was paid to GFG, a company owned by previous directors, Nicholas Hofgren and Stuart Cheek. Also included in the above is a payment of £500,000 to Bivonas Law LLP who were retained by the previous Board to oppose the action taken by a shareholder to challenge the Brazilian transaction and obtain an injunction so that the new shares issued to the vendors of the Brazilian properties didn't unfairly influence the GM that was requisitioned to vote on the removal of the previous Board on the basis of their mismanagement of the Company. The current Board managed to recover approximately £260,000 of this amount. As previously reported the Court set aside the Brazilian transaction.

In addition, there was a further expense of £518,867 for prospectus expenses incurred by the previous Board in connection with the issuance of shares for the acquisition of the new properties in Germany, which failed to get approved by the FCA.

As a comparison, the current budgeted costs for professional fees and administration costs for the calendar year 2021 is £580,000 which is approximately 20% of the full year 2020 figure.

The Group holds one loan receivable equal in total to £0.9m earning 7% annualised income.

Property valuation methodology

The previous Board instructed JLL to undertake the valuations using a 'residual valuation' method which was subsequently used as the property acquisition price. It appears that this acquisition price was at a significant premium to the open-market value.

To achieve the valuations under the previous Board, the Company would have had to spend an additional estimated €41 million in trying to get the properties to full planning permission in an environment where development funding has dried up and Covid has introduced a further layer of uncertainty.

The new Board has taken what they believe to be a much more prudent and realistic approach to the valuation of the Group's property portfolio by instructing the year-end valuations performed by Knight Frank, to be on an 'as is' basis. The 'as is' valuation uses comparable transactions and evidence to support a valuation figure which the Board considers to be a more transparent, appropriate and accurate reflection of the Group's assets. Consequently, the value of the properties has fallen by £33m on this basis (2019: loss of £2.9m).

Key performance indicators

Due to the relative simplicity of the business, the Board does not formally consider key performance indicators. It does however monitor cash balances and property valuations on a regular basis, in addition to reviewing monthly management accounts and group budgets.

Principal risks and uncertainties

The Board continually monitor the key risks facing the Group, together with assessing the controls used for managing these risks. The Board formally reviews and documents the principal risks facing the business at least annually.

Financial and liquidity risk
As indicated previously in these financial statements, the preservation of cash balances remains a principal risk for the Group and the Board remain committed to maintaining minimal operational costs to ensure that maximum funds remain available for working capital purposes. Expenditure levels are carefully monitored against available cash balances to mitigate this risk**.**

COVID-19
Another major risk factor and source of uncertainty faced by the Group is Covid-19. Although our assets are mainly parcels of development land, the resulting uncertainty and reduced liquidity has a direct effect on the 'as-is' valuations.

Realisable value of certain properties – special considerations

- *The Hanau Property* comprises thirteen residential buildings in Hanau, a town located in the federal state of Hesse, approximately 28km east of Frankfurt. The buildings are currently in a poor state of repair. At the time the Hanau property was agreed to be acquired by the previous Board, the City of Hanau lodged an objection to the sale to Vordere using a 'right of pre-emption'. Vordere acquired a 94% economic interest in the property but is not the registered owner. The ongoing litigation between the City of Hanau and the seller centres around two key arguments which relate to the right of the City to invoke the pre-emption and secondly, if that right is deemed to be legal, the price that the City should pay for the property.

- *The Bamberg Property* consists of an existing derelict building fronting the road and a large plot to the rear fronting the river. The building was constructed in the year 1663 and has a total area of 770m2. Currently, the property is in a poor condition and in need of complete refurbishment and is therefore vacant. Similar to Hanau, the City of Bamberg exercised a pre-emption right and as a result, Vordere owns 94% of the economic interest in the property. The building is listed and the City is keen to therefore preserve as much as the original fabric of the building as possible. Depending on the conditions imposed by the City of Bamberg, the achievable sale value of the property may be less than the Knight Frank valuation as at 31 March 2020.

Economic environment
Economic factors which could adversely impact the Group's business include the availability of credit, exchange rate and interest rate fluctuations.

Post balance sheet events

Following the GM, the new Board has taken the following actions:

- *Unwinding of the acquisition of properties in Brazil by the previous Board and the subsequent cancellation of the shares that were issued:*

  We have successfully unwound the contested Brazilian transaction which was accelerated and completed just before the GM, in presumably, an effort to sway the potential outcome of the vote. This transaction had been challenged by a shareholder at the High Court prior to the GM and the Court ruled that the transaction was improper and decided in favour of the shareholder.

- *Return of the shares that were given to Aurora for the introduction of the Brazilian transaction to the previous Board. Aurora also appears to have had links to the previous Board:*

  We successfully negotiated the return at no cost to the Company of all 17,125,651 shares that Aurora received. These shares were subsequently cancelled resulting in an increase of approximately 4% in shareholder value.

- *Property Sale Contracts Exchanged:*

  We have exchanged contracts for the sale of the Berchtesgaden property. Completion is due by end April 2021.

  We have exchanged contracts for the sale of the Haag property. Completion is due by end May 2021.

Status of current property portfolio
The Board has explored all available options and approaches relating to selling, optimising permissions and development in respect of the Company's property portfolio. The Covid-19 pandemic has forced a thorough review of all plans given the lockdowns, scarcity of funding, and general uncertainty with respect to future outlook for real estate.

Status of current property portfolio (continued)

PROPERTY SPV	STATUS as at 29 April 2021
1. Vordere Berchtesgaden I GmbH & Co KG	Contracts exchanged
2. Vordere Hanau I GmbH & Co KG	Being marketed
3. Vordere Haag I GmbH & Co KG	Contracts exchanged
4. Vordere Bamberg I GmbH & Co KG	Being marketed
5. Vordere Usedom I GmbH & Co KG	In exclusivity with potential buyer
6. Vordere Pegau I GmbH & Co KG	Finalisation of acquisition / registration in progress
7. Vordere Sehnde I GmbH & Co KG	Registration in progress
8. Vordere Jüterbog I GmbH & Co KG	In discussions with asset manager to take to next stage of planning
9. Vordere Schkeuditz I GmbH & Co KG	In discussions with asset manager to take to next stage of planning

Directors' duties

The directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of Vordere for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interest of Vordere's stakeholders;
- the desirability of Vordere Ltd maintaining a reputation for high standards of business conduct and;
- the need to act fairly as between members of Vordere Ltd.

Finally, I would like to take this opportunity to thank my fellow directors for the considerable time, energy, enthusiasm and goodwill that they have shown towards the Company - they have gone above and beyond. I would also like to thank David Irving who retired on the 11 December 2020 as CEO, who again was instrumental in solving the many legacy issues described above.

This report was approved by the board on 29 April 2021 and signed on its behalf.

Peter L R Hewitt, JP, FCSI, FRSA
Chairman

VORDERE LIMITED
(FORMERLY VORDERE PLC)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their report and the financial statements for the year ended 31 March 2020.

Principal activity
The principal activity of the Company and the Group continued to be that of a commercial property investment company.

Directors and their interests
The Directors who served during the year are as stated below:

Previous board removed by shareholders:

G S Johnson	(Resigned 24 October 2019)
S Cheek	(Resigned 24 October 2019)
NW Hofgren	(Resigned 24 October 2019)

Previous board

N B Fitzpatrick	(Resigned 27 April 2020)

Newly appointed directors:

P L R Hewitt	(Appointed 25 October 2019)
D Healy	(Appointed 27 April 2020)
M Fernandes	(Appointed 27 April 2020)
D Irving	(Appointed 24 October 2019 and resigned 11 December 2020)

Strategic decisions
The Board provides leadership within a framework of appropriate and effective controls. The Board has overall responsibility for setting the Group's strategic aims, defining the business objectives, managing the financial and operational resources of the Group and reviewing the performance of the officers and management of the Group's business.

Financial risk management
The Group has a simple capital structure, and its principal financial assets are cash and loan receivables. The Group has exposure to market risk and currency risk and the Directors manage its exposure to liquidity risk by maintaining adequate cash reserves.

Further details regarding risks are detailed in note 24 to the financial statements.

Results and dividends

The results for the year are set out on page 16.

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

Political contributions

During the period the Company made no political donations (2019: £nil).

Going concern

The Company's activities, together with the factors likely to affect its future development and performance, the financial position of the Company, its cash flows and liquidity positions have been considered by the Directors and disclosed in the Strategic Report and Financial Statements. Current market conditions have also been considered by the Board.

The Directors believe that the group is a going concern for the foreseeable future. The Board has focussed on reducing ongoing operational costs and have taken steps to raise additional funds through property sales to support the business for the next 12 to 18 months. In their assessment, they have prepared detailed forecasts which take into account expected future impact of COVID-19 on the investment portfolio, additional sources of funding that may be available and further opportunities to reduce unnecessary costs to the company. Based on this, the directors believe the company will have sufficient resources to meet its obligations as they fall due and that the going concern basis is therefore appropriate.

Share issue

During the year, the company issued 280,952,468 Ordinary £0.02 shares at a premium of £0.18 per share.

Carbon emissions

The Company is currently operating with minimal employees and, therefore, has minimal carbon emissions. It is not practical to obtain emissions data relating to the Group's activities at this stage in the Group's size, scope, and stage of development. However, this decision will remain under review.

Qualifying indemnity insurance

Directors and officers of the Company have the benefit of a directors and officers liability insurance policy which provided appropriate cover in respect of legal actions brought against its directors.

Business review, risks and uncertainties

The review of business, principal risks and uncertainties, the position of the company at the year end, analysis based on key performance indicators and future developments are included in the Strategic Report as permitted by s.414 of the Companies Act 2006.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the consolidated financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and parent financial statements for each financial year.
Under that law the Directors are required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 101 "Reduced Disclosure Framework").
Under company law the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period.

In preparing the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

To the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
- the annual report, including the strategic report, includes a fair, balanced and understandable review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face to allow shareholders to assess the Company's position, performance, business model and strategy.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

A resolution to appoint Mercer & Hole as auditors to the Company was put to the members at the annual general meeting.

This report was approved by the board on 29 April 2021 and signed on its behalf.

M Fernandes
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VORDERE LIMITED
FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of Vordere Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cashflows, 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020, and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The 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 the audit:

- the information given in the strategic report and the directors' report for the financial year 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 our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the group 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: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

VORDERE LIMITED
(FORMERLY VORDERE PLC)
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VORDERE LIMITED
FOR THE YEAR ENDED 31 MARCH 2020

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.

29 April 2021

D R Jones
(Senior Statutory Auditor)
For and on behalf of Mercer & Hole, Statutory Auditor

Batchworth House
Batchworth Place
Church Street
Rickmansworth
WD3 1JE

.

VORDERE LIMITED
(FORMERLY VORDERE PLC)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Revenue	7	218,980	174,268
Gross profit		218,980	174,268
Administrative expenses	8	(5,560,887)	(2,874,451)
Loss on sale of investment property	15	(322,539)	-
Impairment loss on financial assets		22,119	-
Change in fair value of investment property	15	(32,680,927)	-
Loss from operations		(38,323,254)	(2,700,183)
Finance income	11	122,192	114,913
Loss before tax		(38,201,062)	(2,585,270)
Tax expense	12	-	(1,621)
Loss for the year		(38,201,062)	(2,586,891)
Loss for the year attributable to:			
Owners of the parent		(38,201,062)	(2,586,891)

VORDERE LIMITED
(FORMERLY VORDERE PLC)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Loss for the year	(38,201,062)	(2,586,891)
Items that will or may be reclassified to profit or loss:		
Exchange profits/(losses) arising on translation on foreign operations	618,536	(362,899)
Other comprehensive income for the year, net of tax	618,536	(362,899)
Total comprehensive income	(37,582,526)	(2,949,790)
Total comprehensive income attributable to:		
Owners of the parent	(37,582,526)	(2,949,790)
	(37,582,526)	(2,949,790)

VORDERE LIMITED
(FORMERLY VORDERE PLC)
REGISTERED NUMBER: 07892904
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	14	6,585	7,248
Investment property	15	40,704,051	15,586,442
Trade and other receivables	18	943,165	2,011,122
		41,653,801	17,604,812
Current assets			
Trade and other receivables	18	1,090,910	900,782
Cash and cash equivalents	19	978,532	5,645,997
		2,069,442	6,546,779
Total assets		43,723,243	24,151,591
Liabilities			
Current liabilities			
Trade and other payables	20	1,811,561	847,878
Total liabilities		1,811,561	847,878
Net assets		41,911,682	23,303,713
Issued capital and reserves attributable to owners of the parent			
Share capital	21	9,614,058	3,995,008
Share premium reserve	22	75,076,876	24,505,431
Foreign exchange reserve	22	(96,902)	(715,438)
Retained earnings	22	(42,682,350)	(4,481,288)
TOTAL EQUITY		41,911,682	23,303,713

The financial statement on pages 24 to 55 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

M Fernandes
Director
Date: 29 April 2021

VORDERE LIMITED
(FORMERLY VORDERE PLC)
REGISTERED NUMBER: 07892904
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	14	6,585	7,248
Investments in subsidiaries	16	34,229	2,059,900
		40,814	2,067,148
Current assets			
Trade and other receivables	18	41,671,737	17,130,603
Cash and cash equivalents	19	120,565	5,413,393
		41,792,302	22,543,996
Total assets		41,833,116	24,611,144
Liabilities			
Current liabilities			
Trade and other payables	20	669,900	513,957
Total liabilities		669,900	513,957
Net assets		41,163,216	24,097,187
Issued capital and reserves attributable to owners of the parent			
Share capital	21	9,614,058	3,995,008
Share premium reserve	22	75,076,876	24,505,431
Retained earnings	22	(43,527,718)	(4,403,252)
TOTAL EQUITY		41,163,216	24,097,187

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented a statement of profit or loss, a statement of comprehensive income or a cash flow statement for the Company alone. The total comprehensive loss for the period is £39,124,466 (2019: £2,547,819).

The financial statements on pages 24 to 55 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

M Fernandes
Director
Date: 29 April 2021

VORDERE LIMITED
(FORMERLY VORDERE PLC)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Share premium	Exchange reserve	Retained earnings	Total Attributable To equity holders of parent
	£	£	£	£	£
At 1 April 2018	3,995,008	24,505,431	(352,539)	(1,894,397)	26,253,503
Comprehensive income for the year					
Loss for the year				(2,586,891)	(2,586,891)
Other comprehensive income income			(362,899)		(362,899)
Total comprehensive income for the year	-	-	(362,899)	(2,586,891)	(2,949,790)
Total contributions by and distributions to owners	-	-	-	-	-
At 31 March 2019	3,995,008	24,505,431	(715,438)	(4,481,288)	23,303,713
At 1 April 2019	3,995,008	24,505,431	(715,438)	(4,481,288)	23,303,713
Share capital					
Share issue	5,619,050	50,571,445			56,190,495
Comprehensive income for the year					
Loss for the year				(38,201,062)	(38,201,062)
Other comprehensive income			618,536		618,536
Total comprehensive income for the year	-	-	618,536	(38,201,062)	(37,582,526)
Total contributions by and distributions to owners	-	-	-	-	-
At 31 March 2020	9,614,058	75,076,876	(96,902)	(42,682,350)	41,911,682

The notes on pages 24 to 55 form part of these financial statements.

VORDERE LIMITED
(FORMERLY VORDERE PLC)
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 April 2018	3,995,008	24,505,431	(1,855,433)	26,645,006
Comprehensive income for the year				
Loss for the year	-	-	(2,547,819)	(2,547,819)
Total comprehensive income for the year	-	-	(2,547,819)	(2,547,819)
Total contributions by and distributions to owners	-	-	-	-
At 31 March 2019	**3,995,008**	**24,505,341**	**(4,403,252)**	**24,097,187**
At 1 April 2019	3,995,008	24,505,431	(4,403,252)	24,097,187
Share Capital				
Share issue	5,619,050	50,571,445		56,190,495
Comprehensive income for the year				
Loss for the year			(39,124,466)	(39,124,466)
Total comprehensive income for the year	-	-	(39,124,466)	(39,124,466)
Total contributions by and distributions to owners	-	-	-	-
At 31 March 2020	**9,614,058**	**75,076,876**	**(43,527,718)**	**41,163,216**

The notes on pages 24 to 55 form part of these financial statements.

VORDERE LIMITED
(FORMERLY VORDERE PLC)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss for the year		(38,201,062)	(2,586,891)
		(38,201,062)	(2,586,891)
Adjustments for			
Depreciation and impairment	14	663	662
Finance income	11	(122,193)	(114,913)
Income tax expense	12		1,621
		(38,312,592)	(2,699,521)
Movements in working capital:			
Increase in trade and other receivables		(190,129)	(128,087)
Impairment of investment properties		32,680,927	(1,976)
Loss on disposal of investment property		322,539	
Increase in trade and other payables		963,684	547,595
Cash generated from operations		(4,545,571)	(2,281,989)
Income taxes paid		-	(1,621)
Net cash used in operating activities		(4,545,571)	(2,283,610)
Cash flows from investing activities			
Purchases of investment property	15	(59,453,772)	-
Proceeds on sale of investment property	15	1,654,672	-
Decrease/(increase) in loan receivables		1,067,957	(23,277)
Interest received		122,193	114,913
Net cash (used in)/from investing activities		(56,608,950)	91,636

VORDERE LIMITED
(FORMERLY VORDERE PLC)
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		£	**£**
Cash flows from financing activities			
Issue of ordinary shares		56,190,495	-
Net cash from financing activities		56,190,495	-
Net cash decrease in cash and cash equivalents		(4,964,026)	(2,191,974)
Cash and cash equivalents at the beginning of year		5,645,997	7,840,423
Exchange gains/(loss) on cash and cash equivalents		296,561	(2,452)
Cash and cash equivalents at the end of the year	**19**	978,532	5,645,997

1. Reporting entity

Vordere Limited (the 'Company') is a limited company incorporated in the United Kingdom. The Company's registered office is at No.1 London Bridge, London, England, SE1 9BG. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in property investment and development.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. They were authorised for issue by the Company's board of directors on 29 April 2021.

Details of the Group's accounting policies, including changes during the year, are included in note 27. The effects of changes in accounting policies are detailed in note 27.

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in note 4.

The financial year of the parent company and its subsidiaries is 31 March 2020, except for St James Square Management GmbH which is 31 December 2019. For the year ended 31 March 2020 the year end of all the subsidiaries was 31 December 2019. The subsidiaries were shelf-companies acquired by the parent company in the and therefore used a different year end date to the parent prior to acquisition.

2.1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the Investment Properties which are measured at fair value on each reporting date.

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 April 2019
IFRS 16, 'Leases' effective after 1st January 2020

IFRS 16 has replaced IAS 17 'Leases. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability.

2. Basis of preparation (continued)

2.2 Changes in accounting policies (continued)

The Group is currently reviewing:

- All agreements to assess whether any additional contracts will become lease contracts under IFRS 16's new definition of a lease.
- Current disclosures for operating leases as this is likely to form basis of the amounts to be capitalised as right-of-use assets.
- Additional disclosures that will be required.

The Group believes that the most significant impact will be that the Group will need to recognise a right of use asset and a lease liability for office space. At 31 March 2020 the future minimum lease payments amounted to £19,800. However, this lease was terminated in September 2020 and therefore, no impact has been identified going forward. This will need to be reviewed for any new leases entered into.

The Group is planning to adopt IFRS 16 on 1 April 2020 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Group does not expect any changes for leases where they are acting as a lessor.

The Directors anticipate that the adoption of other Standards and interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the Company.

ii) New standards, interpretations and amendments not yet effective
There are no new standards or interpretations that are expected to have a significant effect on the Group's financial statements.

3. Segment information

3.1 Segment reporting

In the opinion of Management, the Group has only one segment in the current period being the investment in property in Germany.

4. Accounting estimates and judgments

4.1 Judgment

Deferred tax assets

In the current year a deferred tax asset arose on the loss brought forward and current year loss. However, management determined that they could not conclude with reasonable certainty that it would be recoverable in the future, as the properties are not yet realised and therefore a deferred tax asset should not be recognised.

4.2 Estimates and assumptions

Impairment of investment properties

The fair value of investment properties was established using an 'as-is' basis and the valuations were carried out by Knight Frank and Dr H Geppert, external independent qualified valuers.

All fair value estimates for investment properties are included in level 3 under the fair value hierarchy for determining the fair value of non-financial assets.

The valuation of each property was prepared on an 'as-is' basis based on comparable transactions to provide expected market value for the sites without development at the 31 March 2020. This is explained further in the Strategic Report.

During the year ended 31 March 2020, the fair value of the investment properties has decreased significantly. The impairment recognised in the year amounted to £32,680,927 (€37,328,830).

5. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated. Management have considered the functional currency of each company individually, based on the various factors outlined in IAS 21, and concluded that each of the subsidiaries has the Euro as their functional currency.

6. Going concern

The Company's activities, together with the factors likely to affect its future development and performance, the financial position of the Company, its cash flows and liquidity position have been considered by the Directors, taking account of the current market conditions which demonstrate that the Company shall continue to operate within its own resources.

6. Going concern (continued)

The Board has focussed on reducing ongoing operational costs and have taken steps to raise additional funds through property sales to support the business for the next 12 to 18 months. In their assessment, they have prepared detailed forecasts which take into account expected future impact of COVID-19 on the investment portfolio, additional sources of funding that may be available and further opportunities to reduce unnecessary costs to the company. Based on this, the directors believe the company will have sufficient resources to meet its obligations as they fall due and that the going concern basis is therefore appropriate.

7. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	2020	2019
	£	£
Rent receivable	218,980	174,268

8. Administrative expenses

	2020	2019
	£	£
Professional fees	2,679,980	2,338,898
Other expenses	1,826,004	396,548
Direct operating expenses arising from investment property	1,054,903	139,005
	5,560,887	2,874,451

Administrative expenses largely consist of professional fees, legal and advisory fees and development costs.

9. Auditors' remuneration

Auditors' remuneration for work carried out for the company in respect of the financial year is as follows:

	2020	2019
	£	£
Fees payable to the Company's auditor for the audit of the Consolidated Financial Statements	45,000	45,000
Total audit fees	45,000	45,000
Audit-related assurance services	-	15,000
Reporting accountant services	15,000	45,000
Total non-audit fees	15,000	60,000

10. Employee benefit expenses

Group and Company

Employee benefit expenses (Chief Operating Officer) comprise:

	2020	2019
	£	£
Wages and salaries	76,538	70,000
National Insurance	8,973	7,119
Defined contribution pension cost	1,359	1,400
	86,870	78,519

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company and the Chief Operating Officer of the Company.

	2020	2019
	£	£
Key management personnel fees and remuneration	430,349	188,119
Defined contribution pension cost	1,359	1,400
	431,708	189,519

11. Finance income and expense

Recognised in profit or loss

	2020	2019
	£	£
Finance income		
Interest on:		
- Financial assets at amortised cost	122,192	114,913
Total finance income	122,192	114,913
Net finance income recognised in the profit or loss	122,192	114,913

12. Tax expense

12.1 Income tax recognised in profit or loss

	2020	2019
	£	£
Current tax		
Current tax on profits for the year	-	1,621
Total current tax	**-**	1,621
Deferred tax expense		
Origination and reversal of timing differences	-	-
Total tax expense	**-**	1,621
Tax expense in relation to continuing operations	-	1,621

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2020	2019
	£	£
Loss for the year	(38,707,094)	(2,586,891)
Income tax expense	-	1,621
Loss before income taxes	(38,707,094)	(2,585,270)
Tax using the Company's domestic tax rate of 19% (2019:19%)	(7,354,348)	(491,201)
Fair value adjustment not deductible	6,305,522	
Losses carried forward	1,048,826	491,201
Tax on foreign interest	-	1,621
Total tax expense	-	1,621

The current tax of £nil (2019: £1,621) relates to tax on loan interest income in Vordere Capital S.a.r.l.

Changes in tax rates and factors affecting the future tax charges

There were no factors that may affect future tax charges.

12. Tax expense (continued)

12.2 Current tax assets and liabilities

	2020	*2019*
Current tax liabilities		
Corporation tax payable	-	-

The current tax liabilities of £nil (2019: £nil) at a tax rate of 19% relates to tax on loan interest income in Vordere Capital S.a.r.l.

12.3 Deferred tax balances

The Group has losses of approximately £6.0m (2019: £5.0m) which equate to a deferred tax asset of approximately £1m (2019: £0.85m).

Management determined that they could not conclude with reasonable certainty that it would be recoverable in the future, as the properties are not yet developed and therefore a deferred tax asset should not be recognised.

13. Property, plant and equipment

Group

	Fixtures and fittings	Office Equipment	Total
	£	£	£
Cost			
At 31 March 2018	5,990	1,974	7,964
Foreign exchange movements	-	(13)	(13)
At 31 March 2019 and 31 March 2020	5,990	1,961	7,951
Accumulated depreciation and impairment			
At 31 March 2018	-	41	41
Charge for the year	499	163	662
At 31 March 2019	499	204	703
Charge for the year	499	163	663
At 31 March 2020	998	367	1,366
Net book value			
At 31 March 2019	5,491	1,757	7,248
At 31 March 2020	4,992	1,594	6,585

13. Property, plant and equipment (continued)
Company

	Fixtures and fittings	Office Equipment	Total
	£	£	£
Cost			
At 31 March 2019	5,990	1,961	7,964
At 31 March 2020	5,990	1,961	7,951
Accumulated depreciation and impairment			
At 31 March 2018	-	41	41
Charge for the year	499	163	662
At 31 March 2019	499	204	703
Charge for the year	499	163	663
At 31 March 2020	998	367	1,366
Net book value			
At 31 March 2019	5,491	1,757	7,248
At 31 March 2020	4,992	1,594	6,585

There are no capital commitments as at 31 March 2020 (2019: £nil).

14. Investment property

Non-current assets at fair value

	2020	2019
	£	£
Opening balance	15,586,442	-
Transfers from development property		15,586,442
Additions	59,453,772	-
Impairment recognised in profit or loss	(32,680,927)	-
Foreign exchange	51,965	-
Disposals	(1,707,201)	-
	40,704,051	15,586,442

Rental income of £219,980 (2019: £174,268) was recognised in respect of investment properties.

The fair value of the investment properties was established using the an 'as is' value method and carried out by Knight Frank and Dr Hubert Geppert, external independent qualified valuers with recent experience valuing investment properties in the locations held by the Group.

All fair value estimates for investment properties are included in level 3 under the fair value hierarchy for determining the fair value of non-financial assets.

The valuation of each property was prepared on an 'as-is' basis based on comparable transactions to provide expected market value for the sites without development at the 31 March 2020. This is explained further in the Strategic Report.

15. Subsidiaries

Company

	Investment in subsidiary companies
	£
At 1 April 2019	2,059,900
Reclassification of capital contribution	(2,025,671)
At 31 March 2020	34,229

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)	
			2020	2019
Vordere Capital S.a.r.l.	Investment holding	Luxembourg	100	100
St James Square Management GmbH	Investment holding	Germany	100	100
Vordere Haag GmbH & Co KG*	Investment property holding	Germany	100	100
Vordere Hanau GmbH & Co KG*	Investment property holding	Germany	100	100
Vordere Berchtesgaden GmbH & Co KG*	Investment property holding	Germany	100	100
Vordere Bamberg GmbH & Co KG*	Investment property holding	Germany	100	100
Dolphin Capital 192 GmbH & Co KG*	Investment property holding	Germany	94	94
Dolphin Capital 214 GmbH & Co KG*	Investment property holding	Germany	94	94
Vordere Usedom GmbH & co KG*	Investment property holding	Germany	100	100
Vordere Pegau GmbH & Co KG*	Investment property holding	Germany	100	100
Vordere Sehnde GmbH & Co KG*	Investment property holding	Germany	100	100
Vordere Juterbog GmbH & Co KG*	Investment property holding	Germany	100	100
Vordere Schkeuditz GmbH & Co KG*	Investment property holding	Germany	100	100
Vordere Mohriner Allee GmbH & Co KG*	Investment property holding	Germany	100	100

**denotes an indirectly held subsidiary*

The registered office of Luxembourg subsidiary is 14 Rue Edward Steichen, 2540 Luxembourg, the registered office of all German subsidiaries is Westendstrafle 28, 60325 Frankfurt am Main, Germany.

All of the subsidiaries are included in the consolidation.

16. Development property

	2020	**2019**
	£	**£**
Brought forward	-	15,972,451
Foreign exchange	-	(386,009)
Transfers to investment property	-	(15,586,442)
Carried forward	-	-

17. Trade and other receivables

Group

	2020	*2019*
	£	£
Prepayments and accrued income	172,455	592,549
Other receivables	1,861,621	2,319,355
Total trade and other receivables	2,034,076	2,911,904
Less: current portion – prepayments and accrued income	(172,455)	(592,549)
Less: current portion – other receivables	(918,456)	(308,233)
Total current portion	(1,090,910)	(900,782)
Total non-current portion	943,165	2,011,122

The non-current loan receivables of £943,165 (2019: £2,011,122) represents third party loans from Vordere Capital S.a.r.l. to JV11 Elendom AS and MV13 Elendom AS. During the year, the MV13 Elendom loan was repaid in full.

On the 2 August 2017, Vordere Capital S.a.r.l, agreed to provide MV13 Elendom AS with a secured term loan facility of NOK 13,000,000 with interest of aggregate of 6 percent per annum and 1 percent per annum. On the 15 November 2017, Vordere Capital S.a.r.l. agreed to provide JV11 Elendom AS with a secured term loan facility of NOK 9,500,000 with interest of aggregate 6 percent per annum and 1 percent per annum. The loans are repayable 5 years from the Drawn down Dates of the loans, as described above. Interest receivable for year amounts to £122,192 (2019: £114,913).

Vordere Capital S.a.r.l. has a security over the properties bought with the proceeds of the above loan.

18.Trade and other receivables (continued)

Company

	2020	2019
	£	£
Receivables from subsidiary undertaking	40,704,052	16,252,701
Prepayments and accrued income	77,023	591,343
Other receivables	890,662	286,559
Total trade and other receivables	41,671,737	17,130,603
Less: current portion – receivables from subsidiary undertaking	(40,704,052)	(16,252,701)
Less: current portion – prepayments and accrued income	(77,023)	(591,343)
Less: current portion – other receivables	(890,662)	(286,559)
Total current portion	(41,671,737)	(17,130,603)
Total non-current portion	-	-

The company does not hold any collateral as security. The receivables from subsidiary undertakings are repayable on demand. No interest is charged on the intercompany loans.

During the year, amounts due from subsidiaries have been impaired to reflect the expected recoverable amount upon the adjustment to property values throughout the group.

19. Cash and cash equivalents

Group

	2020	2019
	£	£
Cash at bank available on demand	978,532	5,645,997
Cash and cash equivalents in the statement of financial position	978,532	5,645,997

Company

	2020	2019
	£	£
Cash at bank available on demand	120,565	5,413,433
Cash and cash equivalents in the statement of financial position	120,565	5,413,433

20. Trade and other payables

Group

	2020	2019
	£	£
Trade payables	993,271	305,505
Other payables	-	196,043
Accruals	818,290	346,330
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measure at amortised cost	1,811,561	847,878
Less: current portion – trade payables	(993,271)	(305,505)
Less: current portion – other payables	-	(196,043)
Less: current portion - accruals	(818,290)	(346,330)
Total current portion	(1,811,561)	(847,878)
Total non-current portion	-	-

Company

	2020	2019
	£	£
Trade payables	329,727	239,885
Other payables		159
Accruals	340,173	273,913
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measure at amortised cost	669,900	513,957
Less: current portion – trade payables	(329,727)	(239,885)
Less: current portion – other payables	-	(159)
Less: current portion - accruals	(340,173)	(273,913)
Total current portion	(669,900)	(513,957)
Total non-current portion	-	-

21. Share capital

Group and company

	2020 Number	2020 £	2019 Number	2019 £
Ordinary share of £0.02 each				
At 1 April	**199,750,418**	**3,995,008**	199,750,418	3,995,008
Shares issued during the year	**280,952,468**	**5,619,049**	-	-
At 31 March	**480,702,886**	**9,614,058**	199,750,418	3,995,008

There is a single class of ordinary shares. There are no restrictions on the distributions of dividends and repayment of capital. At the year end, a total of 4,706,083 shares remain unpaid.

22. Reserves

Share premium

Represents the amount subscribed for share capital in excess of nominal value.

Foreign exchange reserve

Represents exchange differences arising on translation of the foreign controlled entity that are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Retained earnings

Represents accumulated profit/loss.

23. Leases

Operating leases - lessee

The total future value of minimum lease payments is due as follows:

	2020 £	2019 £
Not later than one year	19,800	27,225
	19,800	27,225
Amounts recognised in profit or loss		
Rental expense	34,899	13,680
	34,899	13,680

24. Financial instruments - fair values and risk management

24.1 Financial risk management objectives

The Group's Investment Committee is responsible to the Board for the Group's financial risk management. This includes analysing the Group's exposure by degree and magnitude of risks. These risks include property market risk (including currency risk and interest rate risk) and liquidity risk.

The Group seeks to minimise the effects of these risks where possible. It does this by maintaining bank accounts in all currencies in which the Group holds the properties.

24.2 Accounting classifications and fair values

Group

	Carrying amount 2020 £	Carrying amount 2019 £
Financial assets at amortised cost		
Other financial assets at amortised cost	1,689,167	2,319,355
Cash and cash equivalents	978,532	5,645,997
	2,667,699	7,965,352

Prepayments are excluded from the Financial assets at amortised cost balance as this analysis is only required for financial instruments.

	Carrying amount 2020 £	Carrying amount 2019 £
Financial liabilities at amortised cost		
Trade and other payables	1,811,561	847,878
	1,811,563	847,878

There are no financial assets and liabilities measured at fair value as at 31 March 2020 or 31 March 2019.

24. Financial instruments - fair values and risk management (continued)

24.3 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.
The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Liabilities		Assets
	2020	2019	2020	2019
	£	£	£	£
Euro	1,141,662	333,924	983,845	253,356
NOK	-	-	943,165	2,011,122
	1,141,662	333,924	1,927,010	2,264,478

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and to a lesser extent, the NOK.

The following table details the Group's sensitivity to a 3% increase and decrease in the pound sterling against the relevant foreign currencies. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the pound sterling strengthens 3% against the relevant currency. For a 3% weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

		Euro Impact
	2020	2019
	£	£
Profit or loss	(105,153)	(66,644)
	(105,153)	(66,644)

24.4 Interest rate risk management

The Group's exposure to interest rate risk on borrowings is limited as there is no outstanding debt within the Group. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

24. Financial instruments - fair values and risk management (continued)

24.5 Credit risk management

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating 'A' are accepted.

Credit risk also arises in relation to the non-current loan receivables, as described in note 18, but this is mitigated through the security over the properties bought with the proceeds of the loan. Management have applied the expected credit risk model on adoption of IFRS 9, which has resulted in the recognition of a loss allowance as described in note 2.2 i). Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Credit risk for intercompany receivables is relevant only within the parent company financial statements and is assessed by reference to the carrying value of the counterparties net assets and an assessment of their ability to repay the outstanding balance. Provisions are made against the intercompany receivables to reflect impairment down to the carrying value of net assets.

24.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities through share issuance, and by continuously monitoring forecast and actual cash flows.

24.7 Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing investment properties

The Group monitors 'adjusted capital' which comprises all components of equity (i.e. share capital, share premium and retained earnings). Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions

24. Financial instruments - fair values and risk management (continued)
24.7 Capital management (continued)

and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares.

24.8 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group reviews the need to enter into financial instruments on a regular basis but has not entered into any during the current or previous period. As the Group has no debt, it is not significantly exposed to interest rate risk on its financial liabilities and continues to seek to maximise the returns from bank deposits.

25. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of key management personnel
The remuneration of directors and other members of key management personnel during the year is disclosed in Note 10.

Other related party transactions
Other related party transactions are as follows:

Mr Nicholas Hofgren, a previous director of Vordere Limited, is also a director of GFG Limited. On 30 September, 2016, the Company signed a 2-year Corporate advisory agreement with GFG Limited, under the agreement the Company has agreed to pay GFG Limited a fee of £7,500 per month until such time that the Company asset value exceeds £10,000,000 whereupon the fee will be calculated at the rate of 1.5% of the gross asset value or £15,000, whichever is greater, per month. During the year ended 31 March 2020 the Company paid £537,080 (2019: £524,470) for monthly advisory services to GFG Limited and £21,000 (2019: £36,000) to Mr Nicholas Hofgren in respect of board services.

Mr Graeme Johnson, a previous director of Vordere Limited, is also a director of Granite and Pine Investments International Ltd. During the year directors' fees of £100,575 (2019: £25,000) were paid to Granite and Pine Investments International Ltd on behalf of Mr Graeme Johnson. As at year end 31 March 2020 the outstanding balance due to Granite and Pine Investments International Ltd was £nil (2019: £nil). The outstanding amount is repayable on demand.

Mr Nigel Fitzpatrick, a previous director of Vordere Limited, is also a director of Ocean Park Developments Ltd. During the year directors' fees of £61,944 (2019: £25,000) were paid to Ocean Park Developments Ltd on behalf of Mr Nigel Fitzpatrick. As at year end the outstanding balance due to Ocean Park Developments Ltd was £5,500 (2019: £6,250). The outstanding amount is repayable on demand.

25. Related party transactions (continued)

Other related party transactions (continued)

Mr Stuart Cheek, a previous director of Vordere Limited is also a director of Randall Duke Limited. During the year directors' fees of £59,583 (2019: £25,000) were paid to Randall Duke Limited on behalf of Mr Stuart Cheek. As at year end there are no outstanding balance at year end (2019: £nil).

Warrants

On 3 October 2016, Vordere Limited granted warrants over ordinary shares to GFG Limited, a Company in which Mr Nicholas Hofgren is also a director. The warrants may be exercised between the Grant date and the fifth anniversary of the Grant date and will lapse if not exercised during that period. The warrant instrument allows GFG Limited to acquire up to 5% of the share capital of the Group, after taking into account the shares issued as a result of the warrant valuation model at a price of 15p per share.

Acquisition of Vordere Usedom GmbH & Co KG

On 12 June 2019, Vordere Usedom GmbH & Co KG was acquired by the group. The seller was GFG Property Fund Limited, a company registered in Guernsey. Mr Nicholas Hofgren, a previous director or Vordere Limited, is also a director of this company.

Acquisition of subsidiaries

On 12 June 2019, Vordere Usedom GmbH & Co KG was acquired by the group. The seller was GFG Property Fund Limited, a company registered in Guernsey. Mr Nicholas Hofgren, a previous director or Vordere Limited, is also a director of this company.

GFG Limited was also contracted to receive an introducer fee of 2% on acquisition of all the subsidiaries purchased in the year, by way of a new issue of Ordinary £0.02 shares issued at £0.20 per share. These shares remain in issue at the year end.

26. Events after the reporting date

Share issue and cancellations

During the year, the previous board entered into a transaction to acquire three properties in Brazil by way of a new share issue. This transaction was subsequently reversed in full and as such, the shares issued as part of this transaction have been cancelled post year end.

The legal effect is that the transaction never occurred, and no share movements have been recorded in relation to this transaction, as the directors consider this to reflect the true substance of what has occurred during the period.

Sale of investment property

Post year end, contracts have been exchanged to sell the investment properties held by Vordere Berchtesgaden GmbH & Co KG and Vordere Haag GmbH & Co KG.

27. Accounting policies

27.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the
- current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders meetings.
-

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

27. Accounting policies (continued)

27.1 Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.
When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and its calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent account under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

27.2 Revenue

Revenue is measured as the fair value of the consideration received or receivable. The revenue of £219,980 (2019: £174,268) arose during the year relates to rental income. Rental income is recognised in the period which it relates.
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Presentation and disclosures
Presentation of comparative consolidated revenue is in accordance with the previous standard IAS 18 "Revenue Recognition". No material measurement or recognition differences on comparative information were identified between IAS 18 and the current standard IFRS 15. For further understanding of the impact of the transition to IFRS 15, refer to note 2.2 and 27.

27. Accounting policies (continued)

27.3 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

27. Accounting policies (continued)

27.3 Foreign exchange

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

27.4 Share-based payments

Share-based payment transactions of the Company

The Group issued warrant instruments as described in note 25 to these financial statements. The warrants were issued in exchange for services rendered to the Company and as a result have been accounted for as an equity-settled share-based payment. The fair value of the services rendered has been determined indirectly by reference to the fair value of the warrants issued. This fair value is determined at grant date. The share-based payment is recognised as an expense in the profit and loss account with corresponding credit to retained earnings. Upon exercise of the warrants, the proceeds received, net of any directly attributable transaction costs are allocated to share capital up to the nominal value shares issued with the excess being recorded as share premium.

27.5 Taxation

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

(i) Current tax

Current tax arises on the taxable income for the year and is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition .

27. Accounting policies (continued)

27.5 Taxation (continued)

(ii) Deferred tax (continued)

(other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Directors of the Group reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

27 Accounting policies (continued)

27.6 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Fixtures and fittings	25%
Office equipment	25%

27.7 Investment property

Investment properties are properties held to earn rent and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.
An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

27.8 Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

27 Accounting policies (continued)

27.8 Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets) (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units (`CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

27.9 Development properties

Inventories are stated at the lower of cost and net realisable value based on external professional valuation. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

27.10 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

27.11 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

27 Accounting policies (continued)

27.11 Financial assets (continued)

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial 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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity instrument in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

27. Accounting policies (continued)
27.11 Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised costs or at FVOCI, lease receivables, amounts due from customers under contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, amounts due from customers under contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.
For all other financial instruments, the Group recognises lifetime **ECL** when there has been a significant increase in credit risk since initial recognition. if, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

27. Accounting policies (continued)

27.11 Financial assets (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's
- external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in the credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitments relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

27. Accounting policies (continued)

27.11 Financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable date about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or a past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrowers
- financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties.

27.12 Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

27. Accounting policies (continued)

27.13 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

28. Basis of preparation for Company financial statements

The financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.
As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that Standard in relation to statement of share-based payments, financial instruments, disclosures of related party within the Group, disclosures of key management personnel and presentation of a cash flow statement and related notes.
The financial statements have been prepared on the historic cost basis. The principal accounting policies, and critical accounting judgments and key sources of estimation adopted are the same as those set out in note 4 and 29 to the Group financial statements except as noted below. These have been applied consistently throughout the year and the preceding year.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment. Also see note 15.