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Annual Financial Report
Vernon Property Plc
HJP

Announcement

Annual Financial Report

Vernon Property Plc announces its annual financial report for the year ended 28 February 2019.

These are included in the attachment below.

The directors take responsibility for this announcement.

Attachment:

1. **Announcement**

Non Regulated

Publication Date: 15/11/2019

Company Registration No. 09417877 (England and Wales)

VERNON PROPERTY Plc

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

COMPANY INFORMATION

Directors	David Travers Antoniou Antonagis
Secretary	International Registrars Limited Finsgate 5-7 Cranwood Street London United Kingdom EC1V 9EE
Company number	09417877
Registered office	109 Baker Street C/O Goldwyns London England W1U 6RP
Auditors	Jeffreys Henry LLP Finsgate, 5-7 Cranwood Street London EC1V 9EE
Bankers	Metro Bank PLC One Southampton Row London WC1B 5HA
Solicitors	Banks Kelly Solicitors Limited Hamilton House 1 Temple Avenue London EC4Y 0HA

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CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2019

I am pleased to present the results of Vernon Property Plc ("Company") for the year ending 28 February 2019.

Although the Company still remains in a development phase, its directors have maintained investments in line with the target strategy to provide loans secured against UK property. We expect to find further suitable investments in the next 12 months when the right opportunity arises.

We continue to work towards our business plan and remain positive that returns in this area will stay strong in the future to support the coupon payable on the bonds. Vernon Property Plc loaned a further short term loan to Eastbury Investments Limited on 24th September 2019.

David Travers

Director

4th November 2019

STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2019

Principal activities and fair review of the business

During the year, the Directors still continue to carry out the company's strategy to focus on providing loans secured against UK property. In following this policy, the company has made another short term loan which will be repaid with interest.

The Company has made a loss of £180,976 for the year (2018: loss £31,784). The increase in loss incurred as a result of a few loans being repaid off resulting in less interest receivable but interest payable remained more or less the same. The increase in loss also includes certain interest and loan write offs. It is the Company's aim to further develop bond subscriptions and maintain strict cost control.

Principal risks and uncertainties

The business still remains at a relatively early stage of income generation and as a result, aspects of its business strategy are not proven. At this stage, the Company cannot with certainty say that it will generate the returns to the extent it has projected. The investments are short term and held as current assets.

Further discussion on risk and sensitivity analysis is discussed within note 4.

Key performance indicators
The performance indicators relate to revenue, cash and investments/loans made.

	2019	2018
Loss for the year	(180,976)	(31,784)
Cash and cash equivalents	100,562	223
Investments	1,693,371	1,661,393

The reasons behind the loss for the period are discussed above and does not reflect the expected performance of the Company. The cash position has substantially improved since last year.

Dependence on key personnel
Whilst the Company's has entered into contractual arrangements with the aim of securing the services of its Directors, the retention of their services cannot be guaranteed.

Future developments
The Company continues to investigate opportunities in its core market being secured lending against both commercial and residential property. We shall continue to keep the bondholders aware of the developments of the business on the Company website and through regular market announcements.

On behalf of the board

David Travers
Director

4th November 2019

DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2019

The Directors present their report and financial statements for the year ended 28 February 2019.

Principal activities
The principal activity of the Company is to provide loans secured against UK property, please refer to the Strategic Report for further details.

Results and dividends
The results for the period are set out on page 11.

Future developments
These are detailed in the Strategic Report above.

Directors
The following Directors have held office during the period:

Antoniou Antonagis (appointed 1 May 2019)
David Travers (appointed 1 July 2019)
Rafaella Kyriakou (appointed 30 November 2018, resigned 22 January 2019)
Rogiros Syngelides (appointed 30 November 2018, resigned 22 January 2019)
Nicolaos Mina (appointed 22 January 2019, resigned 1 July 2019)
Mark Archer (resigned 30 November 2018)
Martin Myers (resigned 30 November 2018)
Julian Seidman (resigned 30 November 2018)

Directors' interest

At the date of this report the Directors held the following beneficial interest in the ordinary share capital of the Company:

	2019	2018
Osprey Real Estate Limited	50,000	50,000

Osprey Real Estate Limited is wholly owned by Martin Myers who is the ultimate beneficial owner.

Substantial interests

As at 28 February 2019 the following investors had an interest of 3% or more in the ordinary share capital of the Company:

	Ordinary shares number.	Percentage
Osprey Real Estate Ltd	50,000	100%

Creditor payment policy

The Company's policy is to pay creditors within the agreed terms which are generally no more than 30 days.

Financial risk and management of capital
The major balances and financial risks to which the Company is exposed to and the controls in place to minimise those risks are disclosed in Note 4. The principal current assets of the business are its investments and cash. The principal financial instruments employed by the Company are cash or cash equivalents and short-term realisable assets in order to minimise liquidity risk.

A description of how the Company manages its capital is also disclosed in Note 4. The Board considers and reviews these risks on a strategic and day-to-day basis in order to minimise any potential exposure.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2019

Financial instruments

The Company has issued £2,386,404 fixed term bonds with a maturity date of 31 December 2025. The bonds have a coupon rate of 5% per annum, with coupons payable annually at 31 December.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution that Jeffreys Henry LLP be re-appointed as auditors of the company will be put to the Annual General Meeting.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare the Company's financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

Each person who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board

David Travers
Director

4th November 2019

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2019

The board has sought to comply with a number of the provisions of the QCA Corporate Governance Code ("the Code") in so far as it considers them to be appropriate to a Company of their size and nature. They make no statement of compliance with the Code overall and do not 'explain' in detail any aspect of the Code with which they do not comply.

Internal controls

The board is responsible for maintaining a sound system of internal controls to safeguard shareholders and bondholders' investment and the Company's assets. The Directors monitor the operation of internal controls. The objective of the system is to safeguard the Company's assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material misstatement or loss.

Internal financial control procedures undertaken by the board include:

- Review of biannual financial reports and monitoring performance; and
- Prior approval of all significant expenditure/loans including all major investment decisions.

The board has reviewed the operation and effectiveness of the Company's system of internal control for the financial year and the year up to the date of approval of the financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VERNON PROPERTY PLC

Opinion

We have audited the financial statements of Vernon Property PLC (the 'Company') for the year ended 28 February 2019 which comprise the Statement of Comprehensive Income, the Statements of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2019 and of the loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2.1 in the financial statements, which indicates that the financial statements have been prepared on a going concern basis, the validity of which is dependent upon the issuance of further long-term bonds and repayment of investment loans on anticipated dates to provide sufficient working capital to meet its liabilities as and when they fall due. The date of settlement of loans which are secured on projects undertaken by the underlying borrower, is dependent on completion of these projects and there is uncertainty relating to the completion dates. These events, or conditions, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VERNON PROPERTY PLC (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
1) Recoverability of investments The Company had investments of £1,693,371 as at 28 February 2019. Investments principally comprises asset backed loans due for repayment. The Directors undertake due diligence work prior to making these investments to ensure that they are recoverable which includes review by a legal team and thereafter monitoring of these investments monthly to ensure that they remain recoverable.	We reviewed the due diligence work and monitoring of investments by the Directors by reviewing monthly management accounts and Minutes of Directors Meetings. We reviewed the status on the projects undertaken by the borrower to assess the degree of completeness. We confirmed settlement of loans post balance sheet where possible to ensure that these had been fully recovered. We reviewed the status of the loans to ensure they were accounted for in line with the company's policiy. We reviewed that settlement or refinancing arrangements were being put in place where debts were overdue.
2) Going concern A key aspect of our audit was to review the Directors' assumptions on the appropriateness of the going concern basis. The Directors prepare forecasts which cover a period of 12 months to prepare the accounts on a going concern basis.	We ensured that the Directors review of financial statements included a consideration of all commitments and working capital requirements for a minimum of 12 months from the date of signing of the report. Our review included a consideration of the reasonableness of assumptions used in the model in the light of the information obtained in the audit of the investments and expenses. We also checked the mathematical accuracy of the calculations.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VERNON PROPERTY PLC (CONTINUED)

Our application of materiality (continued)

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

Overall materiality	2019: £20,000	2018: £17,000.
How we determined it	2019: 10% of loss before tax	2018: average of 10% of loss before tax, 2% of gross assets and 3% of turnover.
Rationale for benchmark applied	We believe that loss before tax is an acceptable auditing benchmark.	We believe that loss before tax, turnover and gross assets are all primary measures used by the shareholders in assessing the performance of the Company, and are all generally accepted auditing benchmarks.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which they operate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF VERNON PROPERTY PLC (CONTINUED)

Other information (continued)

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.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 4, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF VERNON PROPERTY PLC (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of this 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.

Sanjay Parmar (Senior statutory auditor)

For and on behalf of Jeffreys Henry LLP Chartered Accountants, Statutory Auditor

Finsgate

5-7 Cranwood Street

London,

EC1V 9EE

4th November 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Notes	2019 £	2018 £
Continuing operations			
Revenue		222,503	245,040
Administrative expenses		(146,568)	(134,743)
Exceptional Item	6	(104,500)	-
Operating profit/(loss)	6	(28,565)	110,297
Finance costs	8	(152,411)	(142,081)
Loss on ordinary activities before taxation		(180,976)	(31,784)
Income tax expense	9	-	-
Loss for the year		(180,976)	(31,784)
Loss per share (expressed in pence per share)	10	(361.95)p	(63.57)p

The notes on pages 15 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2019

	Notes	2019 £	2018 £
Assets			
Current assets			
Investments	12	1,693,371	1,661,393
Receivables	13	345,000	530,971
Cash and cash equivalents	14	100,562	223
Total assets		2,138,933	2,192,587
Equity and liabilities			
Equity attributable to owners of the Company			
Ordinary shares	15	50,000	50,000
Accumulated losses	16	(378,586)	(197,609)
Total equity		(328,586)	(147,609)
Liabilities			
Non-current liabilities			
Borrowings	17	2,221,813	2,170,750
Current liabilities			
Trade and other payables	18	245,706	169,446
Total liabilities		2,467,519	2,340,196
Total equity and liabilities		2,138,993	2,192,587

Approved by the Board and authorised for issue on 4th November 2019.

David Travers
Director

Company Registration No. 09417877

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash utilised in operations	19	132,317	(349,712)
Net cash utilised in operating activities		132,317	(349,724)
Cash flows from investing activities			
Repayment of Investments		708,185	544,519
Purchase of investments		(740,163)	(1,155,912)
Net cash utilised in investing activities		(31,978)	(611,393)
Cash flows from financing activities			
Issue of ordinary share capital		-	-
Proceeds from issue of debenture loans		-	-
Net cash generated from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		100,339	(961,117)
Cash and cash equivalents at the beginning of the year		223	961,340
Cash and cash equivalents at end of year	14	100,562	223

The notes on pages 15 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital £	Accumulated losses £	Total £
As at 1 March 2017	50,000	(165,825)	(115,825)
Loss for the year	-	(31,784)	(31,784)
at 28 February 2018	50,000	(197,609)	(147,609)
Loss for the year	-	(180,976)	(180,976)
at 28 February 2019	50,000	(378,586)	(328,586)

Share capital is the amount subscribed for shares at nominal value.
Accumulated losses represent the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 15 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

1 General information

Vernon Property Plc was founded in February 2015 to initially acquire distressed UK property. In early 2016, the Directors resolved to amend the company's strategy to focus on providing secured loans against UK property, the funding for which would principally be by way of the issuance of Bonds. The Company is both based and has been incorporated in the United Kingdom. The address of the registered office is disclosed on the Company information page at the front of the Annual Report.

The Company is a public limited company and is listed on the Emerging Companies Market of the Cyprus Stock Exchange.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis, the validity of which is dependent upon the issuance of further long-term bonds. These bonds are not due for repayment until 2025 so the Directors believe the going concern basis is appropriate despite the small negative net asset position at period end.

Preparation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

New and amended standards adopted by the Company

IFRS 9, Financial instruments

IFRS 9 replaces IAS 39 and addresses the classification, measurement and recognition of financial assets and financial liabilities. The Company has assessed the impact of IFRS 9 to the financial statements as follows:

- Classification and measurement. The Company's financial assets will be reclassified as amortised cost, fair value through other comprehensive income, or fair value through the statement of comprehensive income. Classification will be based on an analysis of the Company's business model objective and the contractual cash flow characteristics of its financial assets. Financial liabilities will be accounted for in the same way as under existing standards. There is no impact on the current and prior year.
- Impairment. IFRS 9 introduces a three-stage model for impairment based on change in credit quality since initial recognition with each stage representing a change in the credit risk of a financial instrument. If a significant increase in credit risk is identified, the financial instrument is moved from stage one to two but is not yet deemed to be credit impaired, financial instruments that are deemed to be credit impaired are moved to stage three. The Expected Credit Loss ("ECL") for stage one financial instruments is equal to the portion of life expected credit losses that result from default events within the next twelve months. The ECL for stage two and three financial instruments is equal to expected credit losses on a lifetime basis.

Basis of preparation (Continued)

The financial instruments are considered to be stage one and therefore no ECL is necessary and the adoption of IFRS 9 has no impact on the financial statements.

IFRS 15, Revenue from contracts with customers

The standard sets out at what point and how revenue is recognised and also requires enhanced disclosure. Revenue contracts should be recognised in accordance with a single model, based on the transfer of control of goods and services to customers. The standard became effective for accounting periods beginning on or after 1 January 2018. The Company does not hold any contracts with customers and as such there is no impact on the financial statements.

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 March 2018 that would be expected to have a material impact on the Company.

Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 March 2019 and have not been early adopted:

-IFRS 3 Business Combinations which will be effective for accounting periods after 1 January 2019

-IFRS 11 Joint Arrangements which will be effective for accounting periods after 1 January 2019

-IFRS 16 Leases which will be effective for accounting periods after 1 January 2019

-IAS 12 Income Tax which will be effective for accounting periods after 1 January 2019

-IAS 19 Employee Benefits which will be effective for accounting periods after 1 January 2019

-IAS 23 Borrowing Costs which will be effective for accounting periods after 1 January 2019

-IAS 28 Investments in Associates and Joint Ventures which will be effective for accounting periods after 1 January 2019

-IAS 1 Presentation of Financial Statements which will be effective from accounting periods after 1 January 2020
-IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which will be effective from accounting periods after 1 January 2020

-IFRS 17 Insurance Contracts which will be effective from account

-ting periods after 1 January 2021

The Directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

2.2 Financial assets and liabilities

The Company classifies it financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

(b) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all of the risks and rewards of ownership. In transactions in which the Company's neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company's continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

Fair value measurement
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the Company establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

2.3 Revenue

Revenue comprises interest income using the effective interest method. The effective interest method calculates the amortised cost of a financial asset and allocated the interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

2.4 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.5 Investments

Investments represent loans made in accordance with the investment mandate of the Company. They are valued at the relevant cost and are held as current assets.

2.6 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.9 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

2.10 Income tax expense

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3 Critical accounting estimates and judgments

The Company makes certain judgements and estimates that affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company assets include loans made to related and third-party companies. The Directors do not believe the loans require any provisions against recovery of the principal or interest at the period end.

4 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

4.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Credit risk
Credit risk is defined as the risk that the counterparty will be unable to pay amounts in full when due. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also maintained by obtaining collateral, the loans to customers include debentures and personal guarantees and the Directors therefore believe there is a low risk of customer default.
The maximum exposure to credit risk for the Company was as follows:

Credit risk exposure relating to on-balance sheet assets is as follows:	**2019**	**2018**
	£	**£**
Receivables	345,000	530,971
Investments	1,693,371	1,661,393
At 28 February 2019	2,038,371	2,192,364

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

b) Cash flow and Interest rate risk
The Company's borrowings are at a fixed rate of interest exposing the Company to fair value interest rate risk. The Company does not manage any cash flow interest rate risk.

c) Liquidity risk
The Company is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of the debentures. This applies equally to the underlying investments of the companies or projects in which the Company invests.

d) Capital risk
The Company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investments are closely monitored.

4.1 Financial risk factors

e) Market risk
A general economic downturn at a global level, or in one of the world's leading economies, could impact on the Company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the Company. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the Company's operations. These risks are also applicable to most companies and the risk that the Company will be more affected than the majority of companies is assessed as small.

f) Price risk
The Company's principal activity is short-term business loans. The Company does not have a diversified portfolio of assets and is therefore at risk.

4.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure the Company may issue new shares or alter debt levels.

5 Segment information

The Company's single line of business is investment in secured loans.

6 Operating loss

	2019	2018
	£	£
Directors' remuneration	19,230	32,621
Audit fees	8,500	7,750
Non-audit fees	750	750

Exceptional Item relates to a write off of part of the Crystal Care Loan Interest Receivable and the balance of the Affinity Corporation Limited Loan and Interest.

7 Staff costs

Staff costs comprise directors' remuneration.
The average monthly number of employees (including directors) during the period was:

	2019	2018
Directors	6	3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

8 Finance costs

	2019 £	2018 £
Interest payable on debentures	119,371	118,517
Other interest payable	(1,646)	744
Amortisation of finance costs on debentures	34,686	22,820
	152,411	142,081

9 Taxation

	2019 £	2018 £
Total current tax	-	-
Factors affecting the tax charge for the period		
Profit/(loss) on ordinary activities before taxation	(180,976)	(31,784)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 20%/19%)	(34,385)	(6,066)
Effects of:		
Non-deductible expenses		-
Tax losses carried forward	34,385	(6,066)
Current tax charge for the period	-	-

The Company has estimated tax losses of £378,585 (2018 - £197,609) available for carry forward against future trading profits.

The deferred tax asset at the year end of £64,359 has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

10 Earnings per share

	2019 £	2018 £
Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:		
Profit/(loss) after tax attributable to equity holders of the Company	(180,976)	(31,784)
Weighted average number of ordinary shares	50,000	50,000
Basic and diluted loss per share	(361.95)p	(63.57)p

11 Dividends

No dividends were paid or proposed for the year ended 28 February 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2019

12 Investments

	2019 £	2018 £
Loans	1,693,371	1,661,393

The loans are secured on residential properties and bear interest at rates between 12% pa and 16% pa. More than half of the Eastbury Loan was repaid in September 2018, with the balance still accruing interest. The crystal loan has rolled over and the loan amount has increased. A new loan has been made which is accruing interest at 10%

13 Receivables

	2019 £	2018 £
Related party receivables	34,514	311,861
Other receivables and prepayments	272,986	181,610
Unpaid share capital	37,500	37,500
	345,000	530,971

Related party receivables comprise short term unsecured loans and associated accrued interest (note 21).

Other receivables primarily comprise interest receivable from investments.

14 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2019 £	2018 £
Cash and cash equivalents	100,562	223

The carrying amount of cash and cash equivalents approximates to its fair value.

15 Share Capital

	2019 £	2018 £
Allotted and partly paid		
50,000 Ordinary shares of £1 each	50,000	50,000

The Company issued 1 fully paid ordinary share on 2 February 2015 at £1 each to its shareholder. On 5 March 2015 a further 49,999 ordinary shares at £1 were issued, partly paid to 25 pence each.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

16 Accumulated losses

	2019	2018
	£	£
Loss bought forward	(197,609)	(165,825)
Loss for the year	(180,976)	(31,784)
At 28 February 2019	(378,585)	(197,609)

17 Borrowings

	2019	2018
	£	£
Non-current		
Debentures	2,386,404	2,370,988
Unamortised finance costs	(164,591)	(200,238)
	2,221,813	2,170,750

All non-current borrowings are wholly repayable after five years. The debentures are secured by a first floating charge over all of the assets of the Company and bear interest of 5% per annum paid in yearly instalments. The debentures expire on 31 December 2025 and are due for repayment on this date.

The unamortised finance costs represent introduction to finance costs, were incurred upon the placing of the bonds and were paid to a related party. These amounts are being amortised on a straight-line basis over the 10 year life of the bonds, the above balance represents the remaining unamortised amount.

18 Trade and other payables

	2019	2018
	£	£
Related party payables	1,047	25,626
Trade payables	(1,052)	25,989
Other payables	245,711	117,831
	245,706	169,446

Related party payables comprise short term loans and associated accrued interest (note 21).

Other payables principally comprise amounts accrued for on-going expenses of the company and interest on issued debentures. The carrying amount of other payables approximates to its fair value.

19 Cash generated from operations

	2019	2018
	£	£
Reconciliation to cash generated from operations		
Loss before taxation	(180,976)	(31,784)
Adjustments for:		
Finance costs	51,061	19,434
Changes in working capital:		
- Decrease/(Increase) in receivables	185,971	(466,900)
- Increase in trade and other payables	76,261	129,526
	132,317	(349,724)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

20 Control

The ultimate controlling party at the date of this report is Adolm Limited who wholly owns Osprey Real Estate Limited, the 100% owner of the share capital of Vernon Property Plc.

21 Related party transactions

During the year the Company is still part of the following related party transactions.

Loans (included in receivables)

The Company provided short-term, unsecured loans, bearing interest at the rate of 9.0% pa to the following companies

Company	Amount £	Accrued interest £	Total £
Wellesley Commercial Property Limited	-	2,963	2,963
Templar Commercial Property Limited	-	978	978
	-	3,491	3,491

Loans (included in trade and other payables)

The Company received short-term, unsecured loans, bearing interest at the rate of 9.0% pa from the following companies

Company	Amount £	Accrued interest £	Total £
Ballarat Property Plc	2,400	-	2,400
	2,400	-	2,400

The above companies are related parties by virtue of the fact that that that they have directors in common, namely Martin Myers for Wellesley Commercial Property Limited and Templar Commercial Property Limited, and Martin Myers, Rafaella Kyriakou, Nikolaos Mina and Rogiros Syngelides for Ballarat Property Plc.

Affinity Corporation Limited

Affinity Corporation Limited (previously Affinity Developments Plc) is no longer a related party as Mark Felton has resigned as director.

22 Contingent liabilities

The Company has no contingent liabilities.

23 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

24 Events after the reporting period

Repayment of Crystal Care Properties Loan.

The loan to Crystal Care Properties was repaid to Vernon Property Plc after the year end in June 2019.

Another Loan Agreement has been entered into with Crystal Management Holdings Limited at a rate of 12% per annum.

Short Term Loan to Eastbury

Vernon Property Plc loaned a further £830k to Eastbury Investments Limited.

New shareholder of Osprey Real Estate Limited.

Post year end, Osprey Real Estate Limited ceased being the person with significant control of Vernon Property Plc.

As of 2 September 2019, Antoniou Antonagis was appointed as a person with significant control of Vernon Property Plc.

New Directors.

Nicolaos Mina, who was a director as at 28 February 2019, resigned after the year end on 1 July 2019.

Two new directors have been appointed post year end:

Antoniou Antonagis – appointed 1 May 2019

Davis Travers – appointed 1 July 2019