

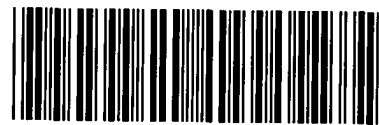
Registered number: 11398982

GREAT EASTERN CAPITAL LIMITED

Financial statements

For the Period from 5 June 2018 to 30 June 2019

MONDAY



L8KWJ82P

LD4

23/12/2019

#93

COMPANIES HOUSE

GREAT EASTERN CAPITAL LIMITED

Contents

	Page
Company information	2
Strategic report	3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditors' report	7 - 10
Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 32

GREAT EASTERN CAPITAL LIMITED

Company Information

Directors	S M Mulryan (appointed 5 June 2018, resigned 28 June 2018) J M Mulryan (appointed 5 June 2018) D N Pearson (appointed 5 June 2018) T Tsang (appointed 28 June 2018) P F Yau (appointed 1 August 2018)
Company secretary	D N Pearson
Registered number	11398982
Registered office	4th Floor 161 Marsh Wall London E14 9SJ
Independent auditors	PricewaterhouseCoopers LLP London WC2N 6RH
Solicitors	Bryan Cave Leighton Paisner LLP London Bridge London England EC4R 9HA

GREAT EASTERN CAPITAL LIMITED

Strategic report For the Period Ended 30 June 2019

Introduction

The directors present their strategic report for the period ended 30 June 2019. The Company's principal activity is to raise finance and issue loan notes to a related party to enable that entity to finance its property development activities. The proceeds of the loan notes issued were advanced directly from the holders to the related party.

Business review

The principal activity is that of a financing company to Great Eastern Limited Partnership (Great Eastern LP). Great Eastern LP is a 50:50 joint venture between Ballymore Great Eastern Partner Limited and Hart Mountain Limited, to develop the land owned by the joint venture.

Financial key performance indicators

The Company's key performance indicator is the profit on its lending activities (gross profit).

Principal risks and uncertainties

The principal risks and uncertainties are the credit risk arising from the unsecured loan to Great Eastern LP, and the related liquidity risk arising from the repayment terms of the Company's own liabilities.

Other key performance indicators

The directors are of the opinion that there are no non-financial key performance indicators.

This report was approved by the board on 9 December 2019 and signed on its behalf.

D N Pearson
Director



GREAT EASTERN CAPITAL LIMITED

Directors' report For the Period Ended 30 June 2019

The directors present their report and the financial statements for the period ended 30 June 2019.

Principal activities

The principal activity of the Company is the provision of finance to a related party.

Results and dividends

The profit for the period, after taxation, amounted to £75,245.

No dividends were declared during the period.

Directors

The directors who served during the period were:

S M Mulryan (appointed 5 June 2018, resigned 28 June 2018)
J M Mulryan (appointed 5 June 2018)
D N Pearson (appointed 5 June 2018)
T Tsang (appointed 28 June 2018)
P F Yau (appointed 1 August 2018)

Financial instruments

Information on the Group's financial instruments is disclosed in note 12 to the financial statements.

Going concern

The financial statements of the Company are prepared on the going concern basis, which the directors believe to be appropriate.

In assessing the Company's ability to continue as a going concern, the directors have taken into consideration all available information relating to the period from the date of approval of these financial statements.

In particular, the directors have received confirmation from Great European Capital Ltd and Dazzling Direction Ltd that for at least 12 months from the date of approval of these financial statements they will make available funds that are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment.

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'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's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

GREAT EASTERN CAPITAL LIMITED

**Directors' report (continued)
For the Period Ended 30 June 2019**

This report was approved by the board on 9 December 2019 and signed on its behalf.

D N Pearson
Director

A handwritten signature in black ink, consisting of a large loop with a vertical line through it and a trailing flourish to the right.

GREAT EASTERN CAPITAL LIMITED

Statement of directors' responsibilities in respect of the financial statements For the Period Ended 30 June 2019

The directors are responsible for preparing the Financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

Each of the directors, whose names and functions are listed in General Information confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

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

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

Independent auditors' report to the members of Great Eastern Capital Limited

Report on the audit of the financial statements

Opinion

In our opinion, Great Eastern Capital Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit and cash flows for the 13 month period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2019; the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

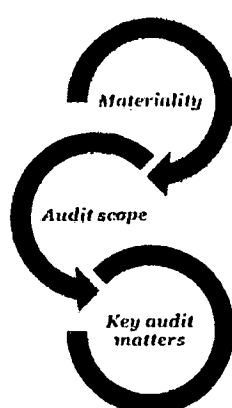
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £1,068,000, based on 1% of total assets.
 - Full scope statutory audit
 - Measurement of borrowing cost at amortised cost.
-

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 judgements, 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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Measurement of borrowing cost at amortised cost</i></p> <p>Refer to page 21 (Notes to the financial statements - Note 6.5) and page 25 (Notes to the financial statements - Note 10).</p> <p>The Company has a total borrowings of £106,694,952 as at 30 June 2019. The Company's borrowings consist of shareholders loan which are listed on The International Stock Exchange but wholly owned by its shareholders and are not freely tradeable.</p> <p>Consistent with the requirement of IFRS the borrowings are recognised initially at fair value and subsequently measured at amortised cost. Finance charges are recognised in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.</p> <p>This is the Company's first period of trading and the borrowing facilities and financing costs are of a material quantum. Our audit testing is therefore focussed on these areas. As such the measurement of borrowings has been identified as a key audit matter.</p>	<p>We tested the borrowings to underlying agreements and tested any drawdowns and repayments to bank statements.</p> <p>We obtained confirmations of the borrowings as at 30 June 2019.</p> <p>We obtained management's effective interest rate calculation and tested their calculation.</p> <p>Based on the testing performed, we are satisfied that management had appropriately accounted for these transactions.</p>

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 it operates.

We have performed a full scope statutory audit over the Company. This included performing sufficient appropriate audit procedures over all material balances.

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.

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

Overall materiality	£1,068,000
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets is the key driver of the Company, on the basis that the principal activity of the Company during the period was funding of a related party.

We agreed with the directors that we would report to them misstatements identified during our audit above £106,800 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the period ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

// December 2019

GREAT EASTERN CAPITAL LIMITED

**Statement of profit or loss and other comprehensive income
For the Period Ended 30 June 2019**

	Note	2019 £
Revenue	7	6,800,932
Cost of sales		(6,695,052)
Gross profit		105,880
Administrative expenses		(11,285)
Profit from operations		94,595
Profit before tax		94,595
Tax expense	8	(19,350)
Profit for the period		75,245
Total comprehensive income		75,245

All income relates to continuing operations.

The Company had no other comprehensive income during the period.

The notes on pages 14 to 30 form part of these financial statements.

GREAT EASTERN CAPITAL LIMITED
Registered number: 11398982

Statement of financial position
As at 30 June 2019

	Note	2019 £
Assets		
Non-current assets		
Trade and other receivables	9	106,800,932
Total assets		<u>106,800,932</u>
Liabilities		
Non-current liabilities		
Trade and other liabilities	10	(106,694,952)
		<u>(106,694,952)</u>
Current liabilities		
Trade and other liabilities	10	(30,635)
		<u>(30,635)</u>
Total liabilities		<u>(106,725,587)</u>
Net assets		<u><u>75,345</u></u>
Issued capital and reserves		
Share capital	11	100
Retained earnings		75,245
TOTAL EQUITY		<u><u>75,345</u></u>

The financial statements on pages 11 to 32 were approved and authorised for issue by the board of directors on 9 December 2019 and were signed on its behalf by:


D N Pearson
Director

The notes on pages 14 to 30 form part of these financial statements.

GREAT EASTERN CAPITAL LIMITED

**Statement of changes in equity
For the Period Ended 30 June 2019**

	Share capital £	Retained earnings £	Total equity £
At 5 June 2018	-	-	-
Comprehensive income for the period			
Profit for the period	-	75,245	75,245
	<u>-</u>	<u>75,245</u>	<u>75,245</u>
Total comprehensive income for the period			
Contributions by and distributions to owners			
Issue of share capital	100	-	100
	<u>100</u>	<u>-</u>	<u>100</u>
Total contributions by and distributions to owners			
	<u>100</u>	<u>75,245</u>	<u>75,345</u>
At 30 June 2019	<u>100</u>	<u>75,245</u>	<u>75,345</u>

The notes on pages 14 to 30 form part of these financial statements.

GREAT EASTERN CAPITAL LIMITED

**Statement of cash flows
For the Period Ended 30 June 2019**

	2019 £
Cash flows from operating activities	
Profit for the period	75,245
	<hr/> 75,245
Adjustments for	
Income tax expense	19,350
	<hr/> 94,595
Profit before tax	94,595
Movements in working capital:	
Increase in trade and other receivables	(100)
Increase in trade and other payables	11,285
	<hr/> 105,780
Cash used in operations	105,780
	<hr/> 105,780
Net cash from operating activities	105,780
	<hr/>
Cash flows from investing activities	
Amounts advanced to related parties	(106,800,932)
	<hr/> (106,800,932)
Net cash used in investing activities	(106,800,932)
	<hr/>
Cash flows from financing activities	
Issue of ordinary shares	100
Proceeds from borrowings	106,695,052
	<hr/> 106,695,152
Net cash generated from financing activities	106,695,152
	<hr/>
Net cash change in cash and cash equivalents	-
	<hr/>
Cash and cash equivalents at the end of the period	-
	<hr/> <hr/>

The notes on pages 14 to 30 form part of these financial statements.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

1. General information

Great Eastern Capital Limited (the 'Company') is a limited company incorporated in England and Wales. The Company's registered office is at 4th Floor, 161 Marsh Wall, London, E14 9SJ. The Company's principal activity is provision of finance to other related companies.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as adopted for use in the European Union.

Details of the Company's accounting policies, including changes during the period, are included in note 6.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company 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 financial statements and their effect are disclosed in note 5.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items

No items measured on an alternative basis.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

2. Basis of preparation (continued)

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 5 June 2018

IFRS 9 and 15

There are no material adjustments required to be made to the Company's financial statements as a result of the application of IFRS 9 and IFRS 15 from 5 June 2018 (incorporation date).

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018. The Company has applied the classification, measurement and impairment principles of IFRS 9 with effect from 5 June 2018 (incorporation date).

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. The new standard was endorsed by the European Union on 29 October 2016 and is applicable from 1 January 2018. IFRS 15 has been applied with effect from 5 June 2018 (incorporation date).

ii) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

IFRS 16

IFRS 16, Leases, with an effective date of 1 January 2019. IFRS 16 supercedes the existing guidance in IAS 17 Leases.

IFRIC 23

IFRIC 23, Uncertainty over Income Tax Positions, with an effective date of 1 January 2019.

The directors anticipate that the adoption of these Standards in future periods will not have a significant impact on the Company's financial statements.

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.

3. Functional and presentation currency

These 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.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

4. Going concern

The financial statements of the Company are prepared on the going concern basis, which the directors believe to be appropriate.

In assessing the Company's ability to continue as a going concern, the directors have taken into consideration all available information relating to the period from the date of approval of these financial statements.

In particular, the directors have received confirmation from Great European Capital Ltd and Dazzling Direction Ltd that for at least 12 months from the date of approval of these financial statements they will make available funds that are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment.

5. Accounting estimates and judgements

5.1 Significant judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Although these estimates are based on management's knowledge of current events and actions, historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

The key assumptions associated with estimation uncertainty at the financial reporting period end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below:

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

6. Accounting policies

6.1 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

6.2 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the Statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

6.3 Financial instruments

Financial assets and financial liabilities are recognised when an 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.

6.4 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.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

6. Accounting policies (continued)

6.4 Financial assets (continued)

(i) Classification of financial assets

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 Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company 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 Company 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.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

6. Accounting policies (continued)

6.4 Financial assets (continued)

(ii) Amortised cost and effective interest method

The effective interest method is a method for calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased and originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised costs of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see (iii) Impairment of financial assets). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased and originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'revenue' line item.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

6. Accounting policies (continued)

6.4 Financial assets (continued)

(iii) Impairment of financial assets

The Company 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 Company 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 Company'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 Company 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 Company measures the loss allowance for that financial instrument at an amount equal to 12 months 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, 12 months 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.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

6. Accounting policies (continued)

6.4 Financial assets (continued)

(iv) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company 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 Company 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 Company'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 Company's core operations.

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 Company 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 Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company 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 Company 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 Company 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 Company considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

6. Accounting policies (continued)

6.4 Financial assets (continued)

(iv) Significant increase in credit risk (continued)

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.

(v) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

6.5 Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments issued by an 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.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

6. Accounting policies (continued)

6.5 Financial liabilities and equity instruments (continued)

(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 Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company'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.

7. Revenue

The following is an analysis of the Company's revenue for the period from continuing operations:

	2019 £
Interest income	6,800,932
	<hr/>
Analysis of revenue by country of destination:	
	2019 £
United Kingdom	6,800,932
	<hr/>

The interest income receivable is in relation to a loan to a related party (note 9).

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

8. Tax expense

8.1 Income tax recognised in profit or loss

	2019 £
Current tax on profits for the period	19,350
Total current tax	19,350
	19,350
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	19,350
	19,350

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

	2019 £
Profit for the period	75,245
Income tax expense (including income tax on associate, joint venture and discontinued operation)	19,350
Profit before income taxes	94,595
Tax using the Company's domestic tax rate of 19%	17,973
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	1,377
Total tax expense	19,350

Changes in tax rates and factors affecting the future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantive enactment on 6 September 2016. Together this will reduce the company's future tax charge accordingly.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

9. Trade and other receivables

	2019 £
Financial assets - loans	
Loans to a related party	106,800,932
Total financial assets other than cash and cash equivalents classified as financial assets at amortised cost	<u>106,800,932</u>
Total non-current portion	<u>106,800,932</u>

The carrying value of trade and other receivables classified as financial assets at amortised cost approximates fair value.

The Company provided a loan facility to a related party, Great Eastern Limited Partnership. The original principal amount was £100,000,000 and it was denominated in Pound sterling. The loan carries a fixed rate of interest of 6.58% per annum, compounding quarterly. The loan is repayable in full on 30 June 2024.

The loans are unsecured.

GREAT EASTERN CAPITAL LIMITED

**Notes to the financial statements
For the Period Ended 30 June 2019**

10. Trade and other liabilities

	2019 £
Financial liabilities	
Payables to a related party	11,285
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>11,285</u>
Other payables - tax and social security payments	19,350
Loans from related parties	106,694,952
Total trade and other payables	<u>106,725,587</u>
Less: current portion - payables to a related party	(11,285)
Less: current portion - other payables	(19,350)
Total current portion	<u>(30,635)</u>
Total non-current position	<u><u>106,694,952</u></u>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

The Company has issued loan notes listed on the International Stock Exchange to a related party, Great European Capital Limited. The original principal amount was £50,000,000 and it was denominated in Pound sterling. The loan carries a fixed rate of interest of 6.48% per annum, compounding quarterly. The loan notes are repayable in full on 30 June 2026. Further loan notes have been issued to the Company in satisfaction of interest accrued up to 30 June 2019.

The Company has issued loan notes listed on the International Stock Exchange to a related party, Dazzling Direction Limited. The original principal amount was £50,000,000 and it was denominated in Pound sterling. The loan carries a fixed rate of interest of 6.48% per annum, compounding quarterly. The loan notes are repayable in full on 30 June 2026. Further loan notes have been issued to the Company in satisfaction of interest accrued up to 30 June 2019.

The above loans of £106,694,952 are unsecured.

Payables to a related party are unsecured, interest free and repayable upon demand.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

11. Share capital

Authorised

	2019 Number	2019 £
Shares treated as equity		
Ordinary A shares of £1.00 each	50	50
Ordinary B shares of £1.00 each	50	50
	<u>100</u>	<u>100</u>

Issued and fully paid

	2019 Number	2019 £
Ordinary A shares of £1.00 each		
Shares issued	50	50
At 30 June	<u>50</u>	<u>50</u>

	2019 Number	2019 £
Ordinary B shares of £1.00 each		
Shares issued	50	50
At 30 June	<u>50</u>	<u>50</u>

Both Ordinary A and Ordinary B shares rank pari passu in all respects, including rights to dividends.

Ordinary A shares are held by Dazzling Direction Limited.

Ordinary B shares are held by Great European Capital Limited.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

12. Financial Instruments - fair values and risk management

12.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2019	Note	Carrying amount	
		Amortised cost	Total
		£	£
Financial assets measured at amortised cost			
Trade and other receivables	9	106,800,932	106,800,932
		<u>106,800,932</u>	<u>106,800,932</u>
Financial liabilities measured at amortised cost			
Trade and other payables	10	(106,706,237)	(106,706,237)
		<u>(106,706,237)</u>	<u>(106,706,237)</u>

12.2 Financial risk management objectives

The directors have overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The directors receive regular reports from the Finance Director through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

12.3 Interest rate risk management

The Company is not exposed to an interest rate risk since the Company borrowed funds using fixed interest rates. The interest rate applies for both loans receivable and loans payable and it is fixed until maturity of the loans.

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

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

12.4 Currency risk

The Company is not exposed to any significant currency risk. The Company also manages its currency exposure by retaining its transactions in Pound sterling.

12.5 Liquidity risk management

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The directors receive cash flow projections on a regular basis which are monitored regularly. The directors will not commit to material expenditure in respect of its ongoing development programme prior to be satisfied that sufficient funding is available to the Company to finance the planned programmes.

**2019
£**

Loans due to related parties

Borrowings - Due more than five years

106,694,952

**2019
£**

Trade and other payables

30 to 60 Days

30,635

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

13. Related party transactions

The below related party transactions are considered to be at arms-length.

13.1 Trading transactions

During the period, group entities entered into the following trading transactions with related parties that are not members of the Group:

	Interest income 2019 £	Interest expense 2019 £
Great Eastern Limited Partnership	6,800,932	-
Great European Capital Limited	-	3,347,526
Dazzling Direction Limited	-	3,347,526
	<u>6,800,932</u>	<u>6,695,052</u>

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties 2019 £	Amounts owed to related parties 2019 £
Great Eastern Limited Partnership	106,800,932	-
Great European Capital Limited	-	53,347,476
Dazzling Direction Limited	-	53,347,476
	<u>106,800,932</u>	<u>106,694,952</u>

13.2 Other related party transactions

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount 2019 £	Balance owed 2019 £
Great Eastern Limited Partnership	Legal fees paid	11,285	11,285
		<u>11,285</u>	<u>11,285</u>

GREAT EASTERN CAPITAL LIMITED

Notes to the financial statements For the Period Ended 30 June 2019

14. Events after the reporting date

There have been no significant events affecting the Company since the period end.

15. Ultimate controlling party

The Company considers there is no ultimate controlling party, instead it is 50% owned by Ballymore Properties Unlimited Company (through Great European Capital Limited) and 50% owned by Sun Hung Kai Properties Limited (through Dazzling Direction Limited).

16. Auditor's remuneration

The fees payable to the Company's auditor for the audit of the Company's annual financial statements is £3,000.