THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED
TRADING AS LONDON CENTRAL APARTMENTS III
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

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THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

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THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

REPORT OF THE DIRECTORS

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

Status and activities

The London Central Portfolio Property Fund Limited (the "Company") is a closed ended investment company established under the provisions of The Companies(Guernsey) Law, 2008. The Company is trading as London Central Apartments III and was listed on The International Stock Exchange on 3 August 2015 with a listing of Ordinary GBP0.01 shares.

The Company is an authorised closed-ended investment fund as defined in the guidance document issued by the Guernsey Financial Services Commission dated February 2007.

The Company was incorporated on 25 October 2005 in Guernsey with registration number 43840 and commenced trading in August 2007. The Company has acquired a diversified portfolio of residential properties in the area known as Prime Central London in order to benefit from attractive rental yields as well as capital value growth.

In accordance with the Investment Memorandum, dated 29 July 2015, for the London Central Portfolio Property Fund, the Investment Period of the Fund was extended for an initial term of 5 years from that date and was also subject to up to 2 annual extensions with the approval of the majority of the shareholders. Through a special resolution passed on 4 December 2019 the Investment Period was extended by a further 1 year, the first of the 2 annual extensions allowed. A resolution will be proposed to the shareholders at the annual general meeting to be held in December 2020 whereby they will vote on extending the Investment Period for another year.

At the date of signing these consolidated financial statements, the Board think it is highly likely that they will make a recommendation to shareholders to extend the Investment Period as market conditions have not changed materially from when the process was undertaken in 2019. If the Directors decide to recommend an extension, there is every likelihood that the shareholders will support this based on previous votes.

The Directors have carefully assessed the impact of the market uncertainties arising from the outbreak of the COVID-19 pandemic on the Group's net assets, liquidity and ability to continue as a going concern for the foreseeable future. In light of this review and the significant liquid assets, the Directors are satisfied that the Group has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. The Directors believe that it is therefore appropriate to prepare the consolidated financial statements on a going concern basis.

Statement of Directors' responsibilities

The Directors are responsible for preparing consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period and are in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 ("FRS 102") 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and with applicable laws. In preparing those consolidated financial statements the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

REPORT OF THE DIRECTORS (continued)

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware and the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Results and dividends

The results for the year are shown in the Consolidated Statement of Comprehensive Income on page 11.
The Company did not pay a dividend and the Directors do not recommend a dividend for the year.

Directors and their interests

The Directors who served on the Board during the year ended 31 March 2020 and to date are:

Peter Francis Griffin
Naomi Claire Helen Heaton
Richard John Crowder (resigned on 1 April 2020)
Martin Shires (appointed 1 April 2020)

The Directors' interest in the Ordinary Shares of the Company were as follows:

	31 March 2020 Ordinary shares	31 March 2019 Ordinary shares
Peter Francis Griffin	nil	nil
Naomi Claire Helen Heaton	342,986	342,986
Richard John Crowder	13,737	13,737

Directors' remuneration

The emoluments of the individual Directors for the year were as follows:

	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Peter Francis Griffin	12,500	12,500
Naomi Claire Helen Heaton	nil	nil
Richard John Crowder	12,500	12,500

Intertrust Fund Services (Guernsey) Limited are engaged as Administrator to the Group pursuant to the terms of an Administration Agreement and are part of the Interrupt Group.

Naomi Heaton is the Chief Executive Officer of London Central Portfolio Limited and LCP Capital Investments Limited. London Central Portfolio Limited are engaged by the Group as Property Managers pursuant to the terms of the Search & Purchase Management Agreement, Letting & Rental Management Agreement and Refurbishment & Furnishing Agreement. LCP Capital Investments Limited are engaged by the Group as Investment Advisors pursuant to an agreement concerning provision of investment advice.

REPORT OF THE DIRECTORS (continued)

At 31 March 2020 the issued share capital of the Company was 13,678,706 (2019: 13,678,706) ordinary shares of £0.01 each. At 31 March 2020 the following shareholders had an interest of 3% or more in the issued Ordinary Shares of the Company.

	Number of Ordinary Shares	% of issued Ordinary Share Capital
Azmeh Dawood	464,763	3.39%
Lutea (Anguilla) RBP for John Blanthorne	446,147	3.26%
Gately Custodian and Nominee Services Limited	1,205,101	8.81%

Financial instruments and risk management

Information on the use of financial instruments by the Group and its management of financial risk is disclosed in note 23 to the consolidated financial statements.

Auditors

Grant Thornton Limited have indicated their willingness to continue in their capacity as auditors and a resolution to reappoint them will be proposed at the next Annual General Meeting.

APPROVED BY THE BOARD OF DIRECTORS

PETER GRIFFIN

Peter Griffin, Director
Date: 7 August 2020

Independent auditor's report

To the shareholders of The London Central Portfolio Property Fund Limited and its subsidiaries (the "Group")

Opinion

Our opinion on the group financial statements is unmodified

We have audited the consolidated financial statements of The London Central Portfolio Property Fund Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- are in accordance with FRS 102; and
- comply with The Companies (Guernsey) Law 2008.

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 consolidated financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, including the FRC's Ethical standard as applied to listed entities, 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 4 in the consolidated financial statements which states that there is a material uncertainty in relation to the outcome of the Continuation Vote expected to be held in December 2020, which casts significant doubt over the ability of the Group to continue as a Going Concern. The consolidated financial statements do not include adjustments that would result if the Group was unable to continue as a going concern.

We describe below how our audit responded to the risk relating to going concern:

1. The audit engagement partner increased his time directing and supervising the audit procedures on going concern;
2. We assessed the determination made by the Board of Directors of the Group that the Group is a going concern and the appropriateness of the consolidated financial statements to be prepared on a going concern basis;
3. We challenged the appropriateness of the management's assessment of the likely outcome of the vote by assessing the historical shareholder voting behaviour in relation to the Directors' and Investment Advisor's recommendations; and
4. We assessed the disclosures in the consolidated financial statements relating to going concern, including the material uncertainty, to ensure they were fair, balanced and understandable and in compliance with FRS102.

We draw attention to the Going Concern statement in the Directors report on page 3 which indicates that the assumption to the going concern ability of the Group is that the continuation vote will pass. The Directors consider the material uncertainty referred to in respect of going concern may cast significant doubt over the continuation of the Group should it not be correct.

Our opinion is not modified in respect of this matter.

Independent auditor's report

To the shareholders of The London Central Portfolio Property Fund Limited and its subsidiaries (the ‘‘Group”) (continued)

Emphasis of matter - subsequent events relating to COVID-19

We draw attention to Note 26, Subsequent events which explains the Directors' view that COVID-19 is a non-adjusting event and therefore no adjustments have been made to the consolidated financial statements as a result. The Directors will continue to closely monitor the latest market developments relating to COVID-19 and the possible future impact on the Group. Our opinion is not modified in this respect.

Emphasis of matter - valuation of investment properties

In forming our opinion, we have considered the adequacy of the disclosures made in Notes 6(b) and 11 to the consolidated financial statements concerning the valuation of the investment properties at fair value through profit or loss. Due to restrictions arising from the COVID-19 pandemic, the fair value assessment of the investment properties has been made by the Directors for the year ended 31 March 2020 using the recommendations made by the Investment Advisor and did not involve the use of an independent external valuations expert. The fair value assessment is based on the Investment Advisor’s views of the market’s performance for the year to 31 March 2020 taking into consideration the values determined by independent external valuations experts at 31 March 2019, a subsequent desktop review performed by the external valuers in January 2020 and sale transactions that have occurred during the period. Based on their assessment, the Directors consider that the fair values assigns to the investment properties are their best estimates as at 31 March 2020. The use of an independent valuations expert could lead to differences in the values that would have been used. Our opinion is not modified in this respect.

Conclusions relating to going concern

Aside from the impact of the matters disclosed in the material uncertainty related to going concern section, we have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you where:

• the directors' use of the going concern basis of accounting in the preparation of the Group consolidated financial statements is not appropriate; or

• the directors have not disclosed in the Group consolidated financial statements any identified material uncertainties that may cast significant doubt about the Group'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 Group consolidated financial statements are authorised for issue.

Overview of our audit approach

Key Audit Matters	We have determined that misstatement or manipulation of the valuation of the Group's investment properties is the only key audit matter for the current year.
Audit scope	We have audited the consolidated financial statements of the Group for the year ended 31 March 2020.
Materiality	**Overall materiality of £302k (2019: £187k), which represents 2%** (2019: 1.2%) of Group's net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. In addition to the matters described in the *"Material uncertainty related to going concern"* section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters included those that 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent auditor's report

To the shareholders of The London Central Portfolio Property Fund Limited and its subsidiaries (the "Group") (continued)

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
Risk 1 - Valuation of investment properties The Group's investment properties are the most significant area of the consolidated financial statements, with a value of £30.77 million at the year end (2019: £31.55 million). As at 31 March 2020 investment properties made up 91% (2019: 93%) of the Group's gross asset value.	Our audit work included, but was not restricted to: • Obtaining an understanding of the Group's valuation strategy through discussions with management and the investment advisor; • Reviewing the adopted strategy against the requirements of FRS 102 to assess compliance;
The Group's investment property portfolio comprises of prime residential property in central London.	• Obtaining management's assessment of year end valuations and evaluating this against our own expectations; • Discussing key assumptions made and corroborating these against external information available;
The Group holds its investment properties at fair value. Given the nature of these assets, the valuation process is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income for that particular property. Although the Group has in previous years engaged independent, professionally qualified property valuation agents to assist in the valuation of investment properties, these were not able to take place at the year end due to the COVID-19 pandemic. Consequently, management formed their own valuations using their own valuation assumptions.	• Comparing year end valuations to sales prices achieved on properties sold by the Group prior to the year end; and • Reviewing other post year-end sales evidence provided by the Investment Advisor to support management's views on the impact of COVID-19 after 31 March 2020 period. The Group's accounting policy and other disclosures on investment properties are included in note 6 and 11 to the consolidated financial statements;
The valuation of the investment properties is therefore an area of significant judgement and a risk that requires special audit attention.	**Key observations** We did not note any material issues from our procedures performed which require reporting to those charged with governance.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Group. This enables us to form an opinion on the consolidated financial statements. We consider size, risk profile, the organisation of the Group and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Independent auditor's report

To the shareholders of The London Central Portfolio Property Fund Limited and its subsidiaries (the "Group") (continued)

Our application of materiality

Materiality

"Materiality" is the magnitude of omissions or misstatements that, individually or in aggregate, could reasonably be expected to influence the economic decisions of the users of the Consolidated Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Group to be £302k (2019: £187k), which is 2% (2019: 1.2%) of the Group's net assets. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We used net assets as a basis for determining planning materiality because the Group's primary performance measures for internal and external reporting are based on net assets as we consider it is the measure most relevant to the stakeholders of the Group.

Performance materiality

"Performance materiality" is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 75% of materiality, being £226k (2019: 75%. of materiality, namely £141k). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the consolidated financial statements did not exceed our materiality level.

Reporting threshold

"Reporting threshold" is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Directors that we would report to them all audit differences in excess of £15.1k (2019: £9.4k) which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors set out on pages 3 to 5. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 of the consolidated 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.

Independent auditor's report

To the shareholders of The London Central Portfolio Property Fund Limited and its subsidiaries (the ‘‘Group”) (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

• proper accounting records have not been kept by the Group; or

• the consolidated financial statements are not in agreement with the accounting records; or

• we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilites of directors for the consolidated financial statements

As explained more fully in the directors' responsibilities statement set out on pages 3 and 4, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with FRS 102, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISA's (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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilites. This description forms part of the auditor's report.

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

GRANT THORNTON

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Michael Carpenter
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey
Channel Islands

Date: 10 August 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Note	31 March 2020 £	31 March 2019 £
REVENUE			
Rental income	6 (e)	1,137,744	1,113,502
Sundry income		11,847	9,025
Gross profit		1,149,591	1,122,527
EXPENSES			
Property expenses	9	505,471	575,263
Administrative expenses	10	502,006	541,198
		1,007,477	1,116,461
OPERATING PROFIT		142,114	6,066
Profit/(loss) on disposal of investment property	11	44,058	(326,905)
Fair value loss on investment properties	11	-	(4,319,064)
Cost of finance	15	(726,237)	(703,670)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(540,065)	(5,343,573)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		(540,065)	(5,343,573)
Loss per share (pounds per share)	19	(0.039)	(0.391)

The Group has no other comprehensive income or losses other than those shown above and therefore no additional disclosure has been made in respect of other comprehensive income or losses.

The results are all derived from continuing operations.

The notes on pages 15 to 30 form an integral part of these consolidated financial statements.

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	31 March 2020		31 March 2019	
		£	£	£	£
FIXED ASSETS					
Investment properties	11		30,770,213		31,545,000
Furniture and fittings	12		8,881		51,596
			30,779,094		31,596,596
CURRENT ASSETS					
Other short term investment	13	-		400,000	
Debtors	14	225,543		146,464	
Cash at bank		2,779,320		1,737,569	
		3,004,863		2,284,033	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Other creditors and accruals	16	736,412		389,189	
		736,412		389,189	
NET CURRENT ASSETS			2,268,451		1,894,844
TOTAL ASSETS LESS CURRENT LIABILITIES			33,047,545		33,491,440
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Finance payable	15		17,967,943		17,871,773
NET ASSETS			15,079,602		15,619,667
CAPITAL AND RESERVES					
Share capital	17		136,787		136,787
Share premium	18		20,591,263		20,591,263
Accumulated loss			(5,648,448)		(5,108,383)
SHAREHOLDERS' FUNDS			15,079,602		15,619,667
Net asset value per share (pounds per share)	20		1.10		1.14

The consolidated financial statements were approved and authorised for issue by the board on the 7 August 2020 and signed on its behalf by:

PETER GRIFFIN

Peter Griffin, Director

The notes on pages 15 to 30 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital £	Share Premium £	Retained Income and (Accumulated Losses) £	Total £
Balance as at 1 April 2018	136,787	20,591,263	235,190	20,963,240
Loss for the year	-	-	(5,343,573)	(5,343,573)
Balance as at 31 March 2019	136,787	20,591,263	(5,108,383)	15,619,667
Loss for the year	-	-	(540,065)	(540,065)
Balance as at 31 March 2020	136,787	20,591,263	(5,648,448)	15,079,602

The notes on pages 15 to 30 form an integral part of these consolidated financial statements

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Cash flows from operating activities			
Operating profit for the year		142,114	6,066
Add back depreciation	12	42,715	49,986
(Increase)/decrease in operating debtors		(79,079)	4,984
Increase/(decrease) in operating creditors		347,223	(63,021)
Cost of finance	15	(726,237)	(703,670)
Net cash used in operating activities		(273,264)	(705,655)
Cash flows from investing activities			
Sale of investment properties		819,058	2,068,095
Refurbishment of investment properties	11	(213)	(27,674)
Net cash generated from investing activities		818,845	2,040,421
Cash flows from financing activities			
Finance received		496,170	96,170
Net cash generated from financing activities		496,170	96,170
Net cash inflow for the year		1,041,751	1,430,936
Cash at beginning of year		1,737,569	306,633
Cash and cash equivalents at end of year		2,779,320	1,737,569

The notes on pages 15 to 30 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. COMPANY INFORMATION

The London Central Portfolio Property Fund Limited (the "Company") is a Limited Company, registered in Guernsey on 25 October 2005 and is an Authorised Closed-Ended Investment Fund. The Company was listed on The International Stock Exchange on 3 August 2015.

The objective of the Company as a whole is to carry on business as an investment company specialising in property.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 ("FRS 102"), 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including FRS 102, the Companies (Guernsey) Law, 2008 and with the Protection of Investors (Bailiwick of Guernsey) Law, 1987. The consolidated financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for investment properties as specified in the accounting policies below.

The Group's functional and presentation currency is Sterling (£).

The Group's financial statements consolidate the financial statements of London Central Portfolio Property Fund Limited and all its subsidiary undertakings (note 7(b)) drawn up to 31 March each year.

4. GOING CONCERN

The Directors have prepared the consolidated financial statements on the going concern basis in view of the Group's positive net assets and having access to a financing facility with its bankers, (note 15). The facility is secured by the Group's investment properties. The Directors believe that demand for repayment of the finance is not expected to occur before its expiration date or if repayment is demanded, the Group would be able to refinance accordingly.

The Group expects to meet its obligations from operating cash flows and upon realisation of investments in the future.

In accordance with the Investment Memorandum dated 29 July 2015, for the London Central Portfolio Property Fund, the Investment Period of the Fund was extended for a term of 5 years from that date. At the Annual General Meeting, held on 4 December 2019, it was proposed to extend the investment period by the first of the two one-year extensions detailed within the Fund's Investment Memorandum. A resolution will be proposed to the shareholders at the annual general meeting to be held in December 2020 whereby they will vote on extending the Investment Period for another year.

At the date of signing these consolidated financial statements, the Board think it is highly likely that they will make a recommendation to shareholders to extend the Investment Period as market conditions have not changed materially from when the process was undertaken in 2019. If the Directors decide to recommend an extension, there is every likelihood that the shareholders will support this based on previous votes.

4. GOING CONCERN (continued)

The Directors have carefully assessed the impact of the market uncertainties arising from the outbreak of the COVID-19 pandemic on the Group's net assets, liquidity and ability to continue as a going concern for the foreseeable future. In light of this review and the significant liquid assets, the Directors are satisfied that the Group has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these consolidated financial statements. The Directors believe that it is therefore appropriate to prepare the consolidated financial statements on a going concern basis.

5. SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the consolidated financial statements requires management to make significant judgements and estimates. The items in the consolidated financial statements where these judgments and estimates have been made include:

Fair value of investment properties

Accounting estimates included in the consolidated financial statements reflect management's judgements based on their knowledge and experience about past and current events and are also based on their assumptions about actions they expect to take. Significant assumptions used by management in making accounting estimates, including those measured at fair value, are reasonable. The methods and significant assumptions used result in a measure of fair value appropriate for consolidated financial statement measurement and disclosure purposes.

The Directors have carefully assessed the best approach to the valuation of investment properties given the evident difficulties associated with attending tenants' properties due to the current COVID-19 lockdown and further difficulties of procuring a mark to market via desktop valuation due to the lack of comparable transactional evidence.

In the absence of an independent valuation by a valuation expert, the Directors have assessed the Central London housing property market and, taking into account recently concluded sales and market performance leading up to the end of the financial year, the Directors believe that there is sufficient evidence to conclude that the property valuation used in the March 2019 consolidated financial statements remains the best estimate as at the end of the current financial year. Based on these factors, the Directors are of the opinion that investment properties are appropriately valued in line with requirements of FRS 102.

6. ACCOUNTING POLICIES

6 (a) For the years ended 31 March 2020, 2019, 2018, 2017 and 2016, the consolidated financial statements comprised the financial information for the Company and entities controlled by the Company (its subsidiaries London Central Limited and London Central II Limited, and their investments). The Company controls 100% of the voting rights of its subsidiaries. Control is achieved where the Company has the power to govern, directly or indirectly, the financial and operating policies of an investee entity so as to obtain benefit from its activities.

London Central Limited and London Central II Limited are property holding companies, which were first registered in Jersey and subsequently migrated to Guernsey on 17 February 2016 with registration numbers 61645 and 61646 respectively and were acquired as part of a restructure on 31 July 2015.

6 (b) INVESTMENT PROPERTY

Initial recognition:

Investment property is property held by the Group to earn rentals, rather than for:

i. Use in the production or supply of goods or services or for administrative purposes; or
ii. Sale in the ordinary course of business.

6. ACCOUNTING POLICIES (continued)

6 (b) INVESTMENT PROPERTY (continued)

At initial recognition, Investment property is measured at its cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs.

Derecognition of investment property:

A property is transferred from investment property only when the property ceases to meet, the definition of investment property.

In accordance with FRS102, Section 16, Measurement After Recognition, Investment Property whose fair value can be measured reliably without undue cost or effort shall be measured at fair value at each reporting date.

6 (c) FURNITURE AND FITTINGS

Initial recognition:

The Group measures furniture and fittings at initial recognition at their cost. Cost includes the purchase price, any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Measurement after initial recognition:

The Group measures all furniture and fittings after initial recognition using the cost model and furniture and fittings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of furniture and fittings is calculated on cost at a rate estimated to write off the cost of those assets by equal amounts each year over the expected useful life of those assets. The annual rate used for furniture and fittings is 20%.

Derecognition of furniture and fittings:

The Group derecognises furniture and fittings:

i. On disposal; or
ii. When no future economic benefits are expected from their use or disposal.

The Group recognises the gain or loss on the derecognition of furniture and fittings in profit or loss when the items are derecognised.

6 (d) OPERATING LEASE

Operating leases relate to the investment properties owned by the Group with lease terms of between 1 to 3 years, with an option to extend as may be agreed. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

6. ACCOUNTING POLICIES (continued)

6 (e) RENTAL INCOME

All properties are rented out under operating leases with rental income being accounted for on a straight line basis over the term of the lease.

6 (f) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instruments. The Group shall off-set financial assets and financial liabilities if the Group has a legally enforceable right to off-set the recognised amounts and interest and intends to settle on a net basis.

Financial assets

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group classifies its financial assets as basic and non basic. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Finance and receivables

These assets are non-derivative basic financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through cash and cash equivalents, but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these consolidated financial statements is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision being the difference between the net carrying amount and present value of the future expected cash flows associated with the impaired receivable.

Cash and cash equivalents are carried at cost and consist of cash in hand and short term deposits in banks with maturity of three months or less from date of acquisition.

De-recognition of financial assets

A financial asset (in whole or in part) is derecognised either:
- when the Group has transferred substantially all the risk and rewards of ownership; or
- when it has transferred nor retained substantially all the risk and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Any gain or loss on derecognition is taken to the profit and loss account.

Financial liabilities

The Group's financial liabilities comprise other credits and accruals and finance payable which are classified as financial liabilities measured at amortised cost. Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

6. ACCOUNTING POLICIES (continued)

6 (f) FINANCIAL INSTRUMENTS (continued)

Financial liabilities measured at amortised cost

Other creditors and accruals and finance payable are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability (in whole or in part) is de-recognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on de-recognition is taken to the profit and loss account.

Share capital

Financial instruments issued by the Group are treated as equity only if they represent the residual interest in the net assets of the Group. The Group's ordinary shares are classified as equity instruments. The Group is not subject to any externally imposed capital requirement.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period. As a Sharia compliant fund, the Group does not receive or pay interest, however in accordance with UK accounting principles, calculations for costs as described above may be made.

7 (a) BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the Consolidated Statement of Financial Position immediately below goodwill.

7 (b) INVESTMENT IN SUBSIDIARIES

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, London Central Limited and London Central II Limited) (the "Group"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company controls 100% of the voting rights of its subsidiaries.

7 (b) INVESTMENT IN SUBSIDIARIES (continued)

The results of subsidiaries are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements of the parent company.

8. TAXATION

The Company has elected to pay an annual exempt company fee in Guernsey that is presently £1,200.

The Group is subject to UK Income Tax at the rate of 20% on its UK rental income less allowable management expenses. Based on the results, no liability to UK Income Tax arises for the year.

With effect from 1 April 2013, Non-UK resident companies may be subject to the Annual Tax on Enveloped Dwellings (ATED), and from 6 April 2013 to ATED Capital Gains Tax (ATEDCGT), in respect of UK residential property (each Single Dwelling Interest – SDI) valued at more than £2 million. The ATED regime is, from 1 April 2015, extended to UK residential properties (each SDI) of a lower value and will apply to properties with a market value of more than £1 million (and from April 2016 more than £500,000). For the purpose of the ATED the relevant valuation date is the later of 1 April 2017 and the date of acquisition.

However, relief from ATED applies where properties are let at arm's length on commercial terms, and that is the case in respect of this Group. The Group files annual Relief Declaration Returns (RDR) to claim the relief. Relief from ATED also extends to relief from ATEDCGT, however ATEDCGT has been abolished by HMRC with effect from 6 April 2019.

With effect from 6 April 2015 the UK Capital Gains Tax (CGT) regime is being extended. From that date disposals of UK residential property owned by a non-UK resident will be subject to Non Resident Capital Gains Tax (NRCGT). This has wider application than the ATEDCGT, there is no minimum value for each UK residential property and there are limited reliefs. The NRCGT regime provides that tax is payable only on the amount of gain that accrues after 5 April 2015. However, relief from this NRCGT was applicable where the non –UK resident is a company and one that is diversely owned, and that is the case in respect of this company. A NRCGT return is still required to be filed within 30 days of disposal of UK residential property.

For non-resident companies the NRCGT regime is also being replaced with effect from 6 April 2019. After this date non-resident companies will be required to account for Corporation Tax (currently 19%) on gains. This includes widely held companies that meet the definition of a Collective Investment Vehicle (CIV) unless it specifically makes an exemption election. On 1 April 2020, the Company made an exemption election such that no Corporation Tax becomes chargeable on future gains.

With effect from 6 April 2017, the UK government introduced an extension to the scope of inheritance tax to all UK residential property, whether or not this is held by a company or an individual directly. This measure does not apply to widely held companies and so will not affect this Group.

With effect from 6 April 2020, the Group will no longer be subject to UK Income Tax and rather be subject to UK Corporation Tax. This switch in regime means that the Group is subject to UK Corporation Tax at 19%. The new regime for offshore landlords result in a number of fundamental administrative and computational changes that may impact the Group including, but not limited to, loss relief caps, loan interest deductibility restrictions, loan relationship rules, and changes in tax filing and payment deadlines.

9. PROPERTY EXPENSES

	31 March 2020 £	31 March 2019 £
Rates and insurance	33,524	29,628
Repairs and maintenance	83,487	131,382
Property management fees (note 21)	212,750	220,954
Depreciation on furniture and fittings (note 12)	42,715	49,986
Cleaning and service charges	132,995	143,313
	505,471	575,263

10. ADMINISTRATIVE EXPENSES

	31 March 2020 £	31 March 2019 £
Advisory fees (note 21)	357,399	357,399
Insurance	9,681	10,125
Sundry expenses	433	396
Bank charges	1,200	667
Administration fees (note 21)	47,500	47,500
Tax services	3,000	2,425
Directors fees	25,000	25,000
Audit fees	17,850	15,000
Legal and professional fees	34,743	77,486
Listing fees	2,500	2,500
Annual registration fees	1,500	1,500
Exempt tax fees (note 8)	1,200	1,200
	502,006	541,198

11. INVESTMENT PROPERTIES

	Leasehold investment properties £	Freehold investment property £	Total £
Valuation as at 1 April 2019	21,005,000	10,540,000	31,545,000
Licence costs	213	-	213
Sale of property	(819,058)	-	(819,058)
Gain on sale of property	44,058	-	44,058
Revaluation	-	-	-
Valuation as at 31 March 2020	20,230,213	10,540,000	30,770,213

11. INVESTMENT PROPERTIES (continued)

	Leasehold investment properties	Freehold investment property	Total
	£	£	£
Valuation as at 1 April 2018	26,164,820	12,066,570	38,231,390
Licence costs	27,674	-	27,674
Sale of property	(2,068,095)	-	(2,068,095)
Loss on sale of property	(326,905)	-	(326,905)
Revaluation	(2,792,494)	(1,526,570)	(4,319,064)
Valuation as at 31 March 2019	21,005,000	10,540,000	31,545,000

At 31 March 2020 there was a legal charge registered over the Group's investment properties as security for the Group's bank finance (see note 15). The value of the secured properties is £30,770,213 (2019: £31,545,000). The Group normally carries out an external valuation of its investment properties annually, this year due to the COVID-19 pandemic an external valuation has not been carried out. The Directors have concluded that the property valuation used in the March 2019 consolidated financial statements remains the best estimate as at the end of the current financial year (see note 5). Leasehold investment properties comprise 26 leasehold properties, all with remaining terms in excess of 20 years. The 11 remaining properties are long leaseholds where the Group also holds a share in the freehold owning company, and accordingly these have been classed by the Directors as freehold. The historical cost of the properties is £30,776,570 (2019: £30,776,570).

12. FURNITURE AND FITTINGS

	31 March 2020	31 March 2019
COST	£	£
Brought forward	380,958	380,958
Additions	-	-
Carried forward	380,958	380,958
ACCUMULATED DEPRECIATION		
Brought forward	(329,362)	(279,376)
Charge for the year	(42,715)	(49,986)
Carried forward	(372,077)	(329,362)
NET BOOK VALUE	8,881	51,596

13. OTHER SHORT TERM INVESTMENTS

As at 31 March 2019 Al Rayan Bank held funds of £400,000 in a Blocked Security Deposit in the name of the Company as security in respect of the finance payments. The funds were released during the current year and £Nil was held by the bank as at 31 March 2020.

14. DEBTORS

	31 March 2020 £	31 March 2019 £
Cash held by Property Manager [1]	83,933	46,941
Prepayments	16,814	19,245
Amounts receivable from property manager	124,794	80,276
Unpaid share capital	2	2
	225,543	146,464

[1] This represents cash-floats retained by the Property Manager to cover sundry costs for each property as they arise.

15. FINANCE PAYABLE

	31 March 2020 £	31 March 2019 £
Al Rayan Bank	18,000,000	18,000,000
Unamortised finance cost	(32,057)	(128,227)
	17,967,943	17,871,773

Al Rayan granted a finance facility of £18,000,000 split between initial finance of £11,500,000 and additional finance of £6,500,000 effective from 29 July 2015. The initial finance of £11,500,000 was secured by 27 residential properties. A further £6,500,000 has been drawn down in respect of the purchase of 13 residential properties, the additional finance secured by these properties. The original maturity date was 31 July 2020.

On 31 July 2020, the facility was extended for a further 3 years to 31 July 2023 with an additional £2,000,000 increase in the facility.

In respect of the finance facility profit payments are currently payable at 2.85% above the UK Base Rate. An arrangement fee of £453,250 (2.5% plus liquidity fee) was payable from the initial drawdown and was amortised up to 31 July 2020. A further £65,000 arrangement fee is payable on the drawdown of the new facility. Finance expense for the current year was £726,237 (2019: £703,670).

16. OTHER CREDITORS AND ACCRUALS

	31 March 2020 £	31 March 2019 £
Advisory fees (note 21)	536,098	178,699
Deferred income	135,103	138,441
Audit fee	17,150	16,000
Administration fees (note 21)	11,875	11,875
Property expenses	32,235	30,836
Other creditors	3,951	13,338
	736,412	389,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

17. SHARE CAPITAL

	31 March 2020 £	31 March 2019 £
Authorised		
100,000,000 ordinary shares of £0.01 each	1,000,000	1,000,000
Allotted and fully paid		
13,678,706 ordinary shares of £0.01 each	136,787	136,787

	31 March 2020	31 March 2019
Ordinary shares		
At the beginning of the year	13,678,706	13,678,706
Share issue	-	-
At the end of the year	13,678,706	13,678,706

Rights and obligations
There are no restrictions attached to the issued shares and each issued share is entitiled to vote and to profit and losses.

17.1 RESERVES

Called-up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Accumulated loss - includes all current and prior period retained profits and losses.

18. SHARE PREMIUM

	31 March 2020 £	31 March 2019 £
Brought forward	20,591,263	20,591,263
	20,591,263	20,591,263

19. LOSS PER SHARE

The calculation of loss per share is based on the loss for the year of £540,065 (2019: loss of £5,343,573) divided by the weighted average number of ordinary shares in issue during the year of 13,678,706 (2019: 13,678,706).

20. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £15,079,602 (2019: £15,619,667) and on the ordinary shares in issue of 13,678,706 (2019: 13,678,706) at the balance sheet date.

21. RELATED PARTY TRANSACTIONS

Intertrust Fund Services (Guernsey) Limited are engaged by the Company as administrator pursuant to an Administration Agreement. The Agreement provides that Intertrust Fund Services (Guernsey) Limited will receive fees on a time cost basis, subject to a minimum charge of £47,500 per annum, with respect to administration services. A total of £47,500 (2019: £47,500) has been included in these accounts in respect of the fees charged in accordance with this Agreement and £11,875 (2019: £11,875) was outstanding at the Consolidated Statement of Financial Position date.

The Company has appointed LCP Capital Investments Limited ("LCPCI") and London Central Portfolio Limited ("LCP") as Investment Advisors and Property Managers, respectively. Naomi Heaton is the Chief Executive Officer of LCPCI and LCP. A brief summary of the relevant contracts are as follows. All fees are subject to UK VAT.

Asset Advisors
LCP receives Acquisition Fees of 2% plus VAT of the price paid for each property acquired by the Company.

During the year £nil (2019: £nil) for Acquisition Fees was charged. LCP receive Advisory Fees equal to 1% per annum of the Portfolio value as at 31 March 2020, plus 1% of any further capital expenditure (property purchase price plus refurbishment monies), paid quarterly in arrears in respect of their duties to the Shareholders of the Company. During the year £357,399 for Advisory Fees was charged (2019: £357,399). As at the Consolidated Statement of Financial Position date £536,098 (2019: £178,699) was payable.

At the end of the investment period LCP will be entitled to receive a performance fee of 20% of any return realised by the Fund in excess of the Performance Benchmark Objective IRR and return on equity invested.

At this current stage no performance fee has been accrued as the Performance Benchmark Objective IRR has not been achieved.

Property Acquisition, Refurbishment and Furnishing
LCP will receive a fee of 10% of the refurbishment cost in respect of design specification and sourcing of contractor together with a fee of 15% of the furnishing and refurbishment cost for the project management of the works and interior design.

During the year property acquisition, refurbishment and furnishing expenditure amounted to £213 (inclusive of VAT) (2019: £27,674) with nil (2019: £nil) outstanding at the year end.

Property Management
LCP receives a fee of 15% of gross rent received for each property. LCP also receives sundry additional fees for administration services on a 10% of cost basis and £212,750 (inclusive of VAT) (2019: £220,954) has been included in these accounts in relation to these fees. As at the statement of consolidated financial position date £19,621 (2019: £12,118) was payable. A more detailed summary of these contracts is included in the Company's Prospectus.

22. CONTROLLING PARTY

The issued share capital of the Group is owned by numerous parties and, therefore, to the best knowledge of the Directors, there is no ultimate controlling party of the Group as defined by FRS102.

23. FINANCIAL RISK MANAGEMENT

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Categories of financial instruments and fair values

The following table details the categories of financial assets and financial liabilities held by the Group at the reporting date:

	31 March 2020	31 March 2019
	Carrying Amount	Carrying Amount
Finance and receivables	£	£
Cash at bank	2,779,320	1,737,569
Debtors (excluding prepayments)	208,729	127,219
Other short term investment	-	400,000
	2,988,049	2,264,788
Financial liabilities at amortised cost		
Creditors and accruals (excluding deferred income)	601,309	250,748
Finance payable	17,967,943	17,871,773
	18,569,252	18,122,521

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Whist the Company's principal market risk is exposure to London residential property prices, market risk comprises of three types of risk: market prices (price risk), foreign exchange (currency risk) and market interest rates (interest rate risk).

The Company operates in the UK and its investments are denominated in pounds sterling therefore the Directors are satisfied that the Company's exposure to foreign exchange risk is relatively low.

The Group is indirectly exposed to interest rate risk where the rate of finance costs payable on finance received is derived from variable market rates, however it is not exposed to price risk except for other short term investments, all other investments are non-financial assets. The Group's financial assets and liabilities which are subject to variable rates of finance costs receivable or payable expose it to risk associated with the effects of fluctuations in the prevailing levels of market rates on its financial position and cash flows.

23. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (continued)

The table below summarises the Group's exposure to such risks.

As at 31 March 2020	Not subject to finance receivable/ payable	Variable finance receivable/ payable	Fixed finance receivable/ payable	Total
Assets	£	£	£	£
Cash at bank	2,779,320	-	-	2,779,320
Debtors	208,729	-	-	208,729
Total financial assets	2,988,049	-	-	2,988,049
Liabilities				
Finance payable	-	17,967,943	-	17,967,943
Creditors and accruals	601,309	-	-	601,309
Total financial liabilities	601,309	17,967,943	-	18,569,252

As at 31 March 2019	Not subject to finance receivable/ payable	Variable finance receivable/ payable	Fixed finance receivable/ payable	Total
Assets	£	£	£	£
Other short term investment	-	-	400,000	400,000
Cash at bank	1,737,569	-	-	1,737,569
Debtors	127,219	-	-	127,219
Total financial assets	1,864,788	-	400,000	2,264,788
Liabilities				
Finance payable	-	17,871,773	-	17,871,773
Other creditors and accruals	250,748	-	-	250,748
Total financial liabilities	250,748	17,871,773	-	18,122,521

Total finance cost on financial liabilities not at fair value through profit and loss

	Year ended 31 March 2020	Year ended 31 March 2019
	£	£
Finance cost [1]	(726,237)	(703,670)
	(726,237)	(703,670)

[1] The above finance cost arises on financial liabilities measured at amortised cost using the effective interest rate method.

23. FINANCIAL RISK MANAGEMENT (Continued)

For the Group, an increase in 100 basis points in finance costs, with all other variables remaining constant, would result in a loss of £151,886 (2019: loss of £161,342). A decrease in 100 basis points in finance costs, with all other variables remaining constant, would have an equal but opposite effect.

The sensitivity analyses above are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in finance rate and change in market values.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and other liquid assets and ensuring the availability of funding through an adequate amount of committed finance facilities.

The Group's current policy concerning the payment of creditors is to:

(a) agree the terms of payment with those suppliers when negotiating the terms of each transaction;

(b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and

(c) pay in accordance with the Group's contractual and other legal obligations.

The table below details the contractual, undiscounted cash flows of the Group's financial liabilities.

As at 31 March 2020	Less than 3 month	3 months to 1 year	1 year to 5 years
	£	£	£
Finance payable	157,500	472,500	18,585,000
Creditors and accruals	601,309	-	-
Total	758,809	472,500	18,585,000

As at 31 March 2019	Less than 3 month	3 months to 1 year	1 year to 5 years
	£	£	£
Finance payable	157,500	472,500	19,170,000
Creditors and accruals	250,748	-	-
Total	408,248	472,500	19,170,000

The Board of Directors manages the risk of breaches in finance covenants by regularly reviewing the level of finance in conjunction with property values. The review is carried out on a quarterly basis.

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date.

Principal counterparties are LCP as Property Manager and Al Rayan as Bankers. The financial position of LCP and the credit rating of Al Rayan are considered by the Board annually or sooner in the event of any cause for concern.

The Property Manager holds in escrow as at 31 March 2020, tenant rent deposits amounting to £123,201 (2019: £63,732). These deposits are held as security for the tenants' performance under the tenancy agreements and have not been included in these financials statements as the Company has no right to these funds unless and until there is any default by any tenant under their tenancy agreement. There have been no defaults during the year (2019: nil).

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (continued)

Al Rayan bank is a reputable financial institution. While the Group has cash held by the bank, the credit risk is off-set by the fact that the Group owes the bank as disclosed in note 15.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	31 March 2020	31 March 2019
	£	£
Cash and cash equivalents	2,779,320	1,737,569
Rent receivable from Property Manager (note 14)	124,794	80,276
Cash floats held by Property Manager (note 14)	55,842	18,850
Service charge deposits (note 14)	28,091	28,091
Total	2,988,047	1,864,786

24. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's 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 to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirement.

25. REVENUE AND OPERATING PROFIT

Operating lease commitments

The Group's future minimum operating lease receipts are as follows:

	31 March 2020	31 March 2019
	£	£
Within one year	706,745	542,731
From one year to three years	155,041	32,356

26. SUBSEQUENT EVENTS

On 31 July 2020, the finance facility with Al Rayan was extended for a further three years to 31 July 2023 with an additional £2,000,000 increase in the facility.

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The identification of the virus and its subsequent spread post 31 March 2020, is considered by the Directors as a non adjusting subsequent event. The fair value of the investment properties at 31 March 2020 reflect the conditions known as at that date. The Directors will closely monitor the development of this situation and its impact on the fair value of investment properties and the Group's operations.

There are no other material events to be disclosed in these consolidated financial statements.