THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2020

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CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

DIRECTORY

Registered Office
PO Box 119
Martello Court, Admiral Park
St Peter Port
Guernsey, GY1 3HB

Auditor
Grant Thornton Limited
PO Box 313, Lefebvre House,
Lefebvre Street, St Peter Port
Guernsey, GY1 3TF

Asset Advisor
London Central Portfolio Limited
LCP House, Ogle Street
London , W1W 6HU

Administrator, Secretary and Registrar
Intertrust Fund Services (Guernsey) Limited
PO Box 119, Martello Court
Admiral Park
St Peter Port
Guernsey, GY1 3HB

Valuers
Adelaide Jones & Co. Ltd
116 Seymour Place
London, W1H 1NW

Bankers in Guernsey
Butterfield Bank (Guernsey) Limited
PO Box 253
Martello Court
Admiral Park
St Peter Port
Guernsey,GY1 3QJ

Legal Advisors to the Fund in Guernsey
Carey Olsen
PO Box 98, Carey House
Les Banques, St Peter Port
Guernsey, GY1 4BZ

Finance Provider
Al Rayan Bank PLC
44 Hans Crescent
London
SW1X 0LZ

Banks' Valuers
Belleveue Mortlakes
4 Crossfield Chambers
Gladbeck Way
Enfield, EN2 7HT

Property Lawyers
William Sturges LLP
Burwood House, 14-16 Caxton Street
London, SW1H 0QY

Investment Advisors
LCP Capital Investments Limited
LCP House, Ogle Street
London, W1W 6HU

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

INTERIM REPORT OF THE DIRECTORS
SIX MONTHS ENDED 30 SEPTEMBER 2020

The Directors present their unaudited report and consolidated financial statements of the group for the period ended 30 September 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.

The Company's objective is to deliver a consistently good market performance from an individually selected and diversified portfolio of prime residential property in central London and to optimise the total return through a combination of rental yield and capital appreciation.

The Directors have carefully assessed the impact of the market uncertainties arising from the outbreak of the COVID-19 pandemic on the Company's net assets and ability to continue as a going concern for the foreseeable future. In light of this review, the Directors are satisfied that the Company 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 financial statements on a going concern basis.

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 the profit and 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 the Rupublic of Ireland' and with applicable laws. In preparing those 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 financial statements; and
- prepare the 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.

Directors' responsibilities (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.

Results and dividends

The results for the period are shown in the Consolidated Interim Statement of Comprehensive Income on page 8.
The Directors did not pay a dividend and do not recommend a dividend for the period.

Directors and their interests

The Directors of the Company who served during the period ended 30 September 2020 and to date are:

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

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

	30 September 2020 Ordinary shares	31 March 2020 Ordinary shares	30 September 2019 Ordinary shares
Peter Francis Griffin	nil	nil	nil
Naomi Claire Helen Heaton	342,986	342,986	342,986
Richard John Crowder	n/a	13,737	13,737
Martin Shires	52,500	n/a	n/a

Directors' remuneration

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

	Period ended 30 September 2020	Year ended 31 March 2020	Period ended 30 September 2019
Peter Francis Griffin	6,250	12,500	6,250
Naomi Claire Helen Heaton	nil	nil	nil
Richard John Crowder	n/a	12,500	6,250
Martin Shires	6,250	n/a	n/a

Naomi Heaton is the Chair of London Central Portfolio Limited and LCP Capital Investments Limited. London Central Portfolio Limited are engaged by the Group as Asset Advisor 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.

INTERIM REPORT OF THE DIRECTORS (continued)
SIX MONTHS ENDED 30 SEPTEMBER 2020

Substantial shareholdings

At 30 September 2020 the issued share capital of the Company was 13,678,706 (31 March 2020: 13,678,706; 30 September 2020: 13,678,706;) ordinary shares of £0.01 each. At 30 September 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 have been re-appointed as auditors of the fund until the conclusion of the next Annual General Meeting in December 2021.

APPROVED BY THE BOARD OF DIRECTORS

PETER GRIFFIN

Peter Griffin
Director

Date: 21 January 2021

INTERIM INVESTMENT MANAGERS REPORT
SIX MONTHS ENDED 30 SEPTEMBER 2020

Market Update

The UK housing market has reportedly experienced an annual growth of 5.8% in the year to October 2020[1], driven predominantly by domestic demand. The Prime Central London (PCL) market, however, relies more heavily on foreign investment. International travel is still heavily curtailed with Heathrow Airport Ltd reporting an 82.2% drop in non-UK national passengers travelling through London (October 2020 v December 2019).[2] The impact of this has certainly been evident on the ground, where there has been suppressed demand from foreign buyers who have been unable, or unwilling, to travel.

PCL has not seen activity recover to pre-COVID-19 levels; transactions have reached never-before-seen lows where completions in the months following March 2020 indicate annualised figures could be c.60% lower than the 10-year average. Landlords operating in PCL typically do not transact when they do not have to and the low carry-cost resulting from the favourable interest rate environment has meant many have simply held on to their investments, rather than accepting the discounted prices on offer in the current market.

There are less than 200,000 dwellings in PCL and very limited new build potential. With a global buying pool, even small increases in demand can see a significant impact on pricing. In their latest report, Savills have predicated a 5-year capital growth forecast of 17.5% for residential property in PCL.[3] They hold the view that a “recovery in the prime central London market remains a case of ‘when’ not ‘if’”. Whilst this is a ‘bullish’ view, it highlights the ‘cautious optimism’ held by many of the main market commentators, although it should, of course, be noted that capital values could go down further as well as up.

Savills have reported that buyer registrations have recovered to average 83% of the levels seen in the 10 weeks prior to the pandemic (the period that became known as the ‘Boris Bounce’ due to the rapid increase in transactional activity and prices, before the first national lockdown in the UK). With COVID-19 SDLT relief due to be withdrawn in April 2021 at the same time as the new non-resident SDLT rates are due to be introduced, the increased buyer registration may translate into a flurry of transactions in early 2021. However, the speed and height of any bounce will undoubtedly be governed by progress in battling the virus and the associated freeing-up of international movement.

Since the balance date, two COVID-19 vaccines have been approved. The NHS is conducting a vaccination programme first targeting the elderly, residents in care homes and front-line care workers.[4] Whilst the economic benefits of the vaccine rollout are expected to take time, it could serve as a catalyst for transactional activity and a hardening of prices similar to that experienced during Q1 2020.

Non-Resident SDLT

From 1 April 2021, HM Revenue & Customs have indicated new rates of Stamp Duty Land Tax (SDLT) for purchasers of residential property in England and Northern Ireland who are not resident in the United Kingdom. Their policy paper details “The new rates will be 2 percentage points higher than those that apply to purchases made by UK residents, and will apply to purchases of both freehold and leasehold property as well as increasing SDLT payable on rents on the grant of a new lease.”[5]

Previously the market has experienced a flurry of activity ahead of the implementation of new taxes, as was the case with the Graduated Stamp duty in 2014 and more recently with the Higher Rate Stamp Duty in 2016 where transactions spiked 218% month-on-month. It remains to be seen whether a similar dynamic will be seen in the prevailing circumstances.

Fund Update

On 8th December 2020 at the Annual General Meeting of the company, Shareholders voted to in favour of extending the life of the Fund by taking up the second annual option, as detailed in the original Investment Memorandum. The Fund term has therefore been extended to 31st July 2022, which represents the wishes of 92.08% of the Shares voted.

During the period, the Fund secured a renewal of the debt finance with Al Rayan Bank for a further three years to 31 July 2023 with an additional £2m increase in the facility, with the limit now at £20m.

Identifying the currently suppressed market conditions as an opportunity, the Fund has used recycled capital and drawn but unused debt facilities to acquire a one-bedroom flat Gloucester Street, Pimlico. The flat forms part of a white stucco fronted conversion in an area which has typically performed well, known as the ‘Pimlico Grid’. The acquisitions team at LCP secured the deal at a significant discount of 17% to asking price. With tenants in-situ the flat will generate a gross rental yield of 4.1% and should realise capital uplift in the near term as it represents an opportunistic acquisition in a deflated market.

RICS Red Book valuations require market evidence to ascertain the fair values of investment properties (i.e. the value of completions between knowledgeable, willing parties in an arm’s length, orderly transaction). The lack of transactional evidence means that determining fair value is exceptionally difficult. This is exacerbated by the complexity of arranging viewings for valuers during a period of heightened restrictions due to the pandemic. As detailed in the accounts below, the best estimate of the current portfolio valuation therefore remains in line with the values at 31 March 2019.

The latest net asset value (NAV) per share of £1.08 therefore reflects the 31 March 2020 NAV adjusted for operating profits less the cost of finance.

Summary

The extension of the investment period to 31st July 2022 means that the Fund is better placed to participate in a market that hopefully has, at least to some extent, the global pandemic in the rear-view mirror. In the near term, as more vaccinations are administered, there is a hope that this may enable international travel to recover, bringing much needed stimulus to a market that is so heavily dependent on global capital.

[1] Savills. UK Housing Market Update - November 2020.

[2] Heathrow Airport Limited. Monthly traffic statistics up to October 2020, excluding Gatwick, Stansted, Edinburgh, Naples, Aberdeen, Glasgow and Southampton.

[3] Savills Research. In Focus: Prime Central London UK Residential – Winter 2020.

[4] British Medical Journal.

[5] HMRC Policy Paper. New rates of Stamp Duty Land Tax for non-UK residents from 1 April 2021.

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 30 SEPTEMBER 2020

	Note	(Unaudited) Six months ended 30 September 2020 £	(Audited) Year ended 31 March 2020 £	(Unaudited) Six months ended 30 September 2019 £
REVENUE				
Rental income	6 (e)	482,326	1,137,744	540,260
Sundry income		12,393	11,847	3,274
Gross profit		494,719	1,149,591	543,534
EXPENSES				
Property expenses	9	234,639	505,471	227,548
Administrative expenses	10	235,204	502,006	253,102
		469,843	1,007,477	480,650
OPERATING PROFIT		24,876	142,114	62,884
Profit on disposal of investment property	11	-	44,058	-
Fair value loss on investment properties	11	-	-	(311,753)
Cost of finance	15	(294,699)	(726,237)	(363,119)
LOSS FOR THE PERIOD		(269,823)	(540,065)	(611,988)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of the parent		(269,823)	(540,065)	(611,988)
Loss per share (pounds per share)	19	(0.020)	(0.039)	(0.045)

The Company 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.

The results are all derived from continuing operations.

The notes on pages 12 to 29 form an integral part of these financial statements.

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	(Unaudited) 30 September 2020		(Audited) 31 March 2020		(Unaudited) 30 September 2019	
		£	£	£	£	£	£
FIXED ASSETS							
Investment properties	11		30,770,213		30,770,213		31,233,460
Furniture and fittings	12		5,894		8,881		29,561
			30,776,107		30,779,094		31,263,021
CURRENT ASSETS							
Other short term investment	13	-		-		400,000	
Debtors	14	172,145		225,543		200,747	
Cash and cash equivalents		2,036,018		2,779,320		1,638,253	
		2,208,163		3,004,863		2,239,000	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR							
Other creditors and accruals	16	235,880		736,412		574,484	
Finance payable	15	-		-		17,919,858	
		235,880		736,412		18,494,342	
NET CURRENT (LIABILITIES)/ASSETS			1,972,283		2,268,451		(16,255,342)
TOTAL ASSETS LESS CURRENT LIABILITIES			32,748,390		33,047,545		15,007,679
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR							
Finance payable	15		17,938,611		17,967,943		-
NET ASSETS			14,809,779		15,079,602		15,007,679
CAPITAL AND RESERVES							
Share capital	17		136,787		136,787		136,787
Share premium	18		20,591,263		20,591,263		20,591,263
Retained income			(5,918,271)		(5,648,448)		(5,720,371)
SHAREHOLDERS' FUNDS			14,809,779		15,079,602		15,007,679
Net asset value per share (pounds per share)	20		1.08		1.10		1.10

The consolidated interim financial statements were approved and authorised for issue by the board on 21 January 2021 and signed on its behalf by:

PETER GRIFFIN

....

Peter Griffin
Director

The notes on pages 12 to 29 form an integral part of these financial statements.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Retained Income	Total
	£	£	£	£
Balance as at 1 April 2019	**136,787**	**20,591,263**	**(5,108,383)**	**15,619,667**
Loss for the period	-	-	(611,988)	(611,988)
Balance as at 30 September 2019	**136,787**	**20,591,263**	**(5,720,371)**	**15,007,679**
Balance as at 1 April 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**
Loss for the period	-	-	(269,823)	(269,823)
Balance as at 30 September 2020	**136,787**	**20,591,263**	**(5,918,271)**	**14,809,779**

The notes on pages 12 to 29 form an integral part of these financial statements.

THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
SIX MONTHS ENDED 30 SEPTEMBER 2020

	Note	(Unaudited) Six months ended 30 September 2020 £	(Audited) Year ended 31 March 2020 £	(Unaudited) Six months ended 30 September 2019 £
Operating activities				
Operating profit for the period/year		24,876	142,114	62,884
Add back depreciation	12	2,987	42,715	22,035
Decrease/(Increase) in operating debtors		53,398	(79,079)	(54,283)
(Decrease)/increase in operating creditors		(500,532)	347,223	185,295
Cost of finance		(294,699)	(726,237)	(363,119)
Net cash used in operating activities		(713,970)	(273,264)	(147,188)
Cash flows from investing activities				
Sale of investment properties		-	819,058	-
Purchase/Refurbishment of investment properties		-	(213)	(213)
Net cash generated/(used in) from investing activities		-	818,845	(213)
Cash flows from financing activities				
Finance (repaid)/received		(29,332)	496,170	48,085
Net cash (used)/generated by financing activities		(29,332)	496,170	48,085
Net cash (outflow)/inflow for the period/year		(743,302)	1,041,751	(99,316)
Cash at beginning of period		2,779,320	1,737,569	1,737,569
Cash and cash equivalents at end of period/year		2,036,018	2,779,320	1,638,253

The notes on pages 12 to 29 form an integral part of these financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED 30 SEPTEMBER 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 fund is listed on The International Stock Exchange on 3 August 2015.

The objective of the Company 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 Standards 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 financial statements consolidate the financial statements of London Central Portfolio Property Fund Limited and all its subsidiary undertakings (note 7(b)) drawn up to each reporting date.

4. GOING CONCERN

The Directors have prepared the consolidated financial statements on the going concern basis in view of the Group's 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 facility 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 established for a term of 5 years from that date. At the Annual General Meeting of Shareholders held on 4 December 2019 an ordinary resolution was passed to extend the Investment Period by the first of two one-year extensions as detailed within the Fund's Investment Memorandum. Subsequently at the Annual General Meeting held on 8 December 2020, shareholders voted in favour of the ordinary resolution to take up the second one-year extension, extending the fund term to 31 July 2022.

5. SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the consolidated financial statements requires management to make significant judgements and estimates. The items in the 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.

Ordinarily, half of the portfolio would be independently valued as at the balance date. An index would then be created from the movement in Red Book values which is typically applied to the remainder of the properties to calculate fair value. 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 pandemic 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 period. 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 accounting periods presented in these financial statements, 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.

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.

6. ACCOUNTING POLICIES (continued)

6 (b) INVESTMENT PROPERTY (continued)

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 fixtures 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 fixtures and fittings:

The Group derecognises fixtures 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 fixtures 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 company 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 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 has not classified any of its financial assets as held to maturity or as available for sale. 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 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 an original maturity of three months or less.

6. ACCOUNTING POLICIES (continued)

6 (f) FINANCIAL INSTRUMENTS (continued)

Finance and receivables

These assets are non-derivative 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 an original maturity of three months or less.

Derecognition 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.

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.

Derecognition 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 derecognition is taken to the profit and loss account.

6. ACCOUNTING POLICIES (continued)

6 (f) FINANCIAL INSTRUMENTS (continued)

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. 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). 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 group controls 100% of the voting rights of its subsidiaries.

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 accounts 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 individual financial statements of the parent company.

8. TAXATION

Guernsey Tax

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

UK Tax on rental income

With effect from 6 April 2020, the Group is no longer subject to UK Income Tax (20%) on its taxable rental profits and rather is subject to UK Corporation Tax (19%). The new regime for offshore corporate 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.

Annual Tax on Enveloped Dwellings (ATED)

ATED was introduced with effect from 1 April 2013 such that non-UK companies holding UK residential property may be subject to an annual charge based on the value of each single dwelling interest. However, relief from ATED applies where properties are let at arm's length commercial terms and this is the case in respect of this Group. The Group files annual Relief Declaration Returns to claim the relief.

UK Capital Gains Tax (CGT)

With effect from 6 April 2015 the UK Capital Gains Tax (CGT) regime was extended to non-resident companies on certain UK property disposals. Relief from CGT applied for diversely held companies up to 5 April 2019 when the regime was again extended. With effect from 6 April 2019 the CGT regime was extended to include Collective Investments Vehicles (CIV) unless it met certain requirements and made an exemption election. The fund has made an exemption election such that no CGT or Corporation Tax (CT) are chargeable on the disposal of UK property.

In order to maintain its exempt status the company is required to send an annual report to HMRC detailing share disposals in the fund during the reporting period. Investors should seek their own tax advice when making disposals of their shareholdings in the fund.

Inheritance Tax (IHT)

With effect from 6 April 2017, the UK government introduced an extension to the scope of IHT for non-UK domiciled individuals to include all UK residential property, whether or not it is held through a company or directly by a non-K domiciled individual. This measure does not apply to widely held companies and therefore should not impact the Group. Investors should seek their own tax advice when considering their domicile position and exposure to IHT.

9. PROPERTY EXPENSES

	(Unaudited) Six months ended 30 September 2020	(Audited) Year ended 31 March 2020	(Unaudited) Six months ended 30 September 2019
	£	£	£
Rates and insurance	1,217	33,524	1,419
Repairs and maintenance	81,177	83,487	36,573
Property management fees (Note 21)	83,417	212,750	95,906
Depreciation on furniture and fittings (Note 12)	2,987	42,715	22,035
Cleaning and service charges	65,841	132,995	71,615
	234,639	505,471	227,548

10. ADMINISTRATIVE EXPENSES

	(Unaudited) Six months ended 30 September 2020	(Audited) Year ended 31 March 2020	(Unaudited) Six months ended 30 September 2019
	£	£	£
Advisory fees (note 21)	131,401	357,399	178,699
Insurance	5,506	9,681	11,563
Sundry expenses	21	433	124
Bank charges	62	1,200	440
Administration fees (note 21)	23,750	47,500	23,750
Tax services	1,155	3,000	1,405
Directors fees	12,500	25,000	12,500
Audit fees	10,263	17,850	8,700
Legal and professional fees	46,237	34,743	11,593
Listing fees	2,959	2,500	2,959
Annual registration fees	750	1,500	769
Exempt tax fees (note 8)	600	1,200	600
	235,204	502,006	253,102

11. INVESTMENT PROPERTIES

	Leasehold investment properties	Freehold investment property	Total
	£	£	£
Valuation as at 1 April 2020	20,230,213	10,540,000	30,770,213
Deficit on revaluation	-	-	-
Valuation as at 30 September 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 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
Valuation as at 31 March 2020	20,230,213	10,540,000	30,770,213

	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
Deficit on revaluation	(203,315)	(108,438)	(311,753)
Valuation as at 30 September 2019	20,801,898	10,431,562	31,233,460

At 30 September 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 (31 March 2020: £30,770,213; 30 September 2019: £31,233,460). 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 period, and at 31 March 2020 (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 £30,001,783 (31 March 2020: £30,776,570; 30 September 2019: £30,776,783).

12. FURNITURE AND FITTINGS

	(Unaudited) Six months ended 30 September 2020	(Audited) Year ended 31 March 2020	(Unaudited) Six months ended 30 September 2019
	£	£	£
COST			
Brought forward	380,958	380,958	380,958
Acquisition	-	-	-
Carried forward	380,958	380,958	380,958
ACCUMULATED DEPRECIATION			
Brought forward	(372,077)	(329,362)	(329,362)
Charge for the period	(2,987)	(42,715)	(22,035)
Carried forward	(375,064)	(372,077)	(351,397)
NET BOOK VALUE	5,894	8,881	29,561

13. OTHER SHORT TERM INVESTMENTS

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 year end 31 March 2020 and £nil was held by the bank as at 30 September 2020 (31 March 2020: nil; 30 September 2019 £400,000).

14. DEBTORS

	(Unaudited) Six months ended 30 September 2020 £	(Audited) Year ended 31 March 2020 £	(Unaudited) Six months ended 30 September 2019 £
Cash held by Asset Advisor (1)	88,995	83,933	63,992
Prepayments	7,248	16,814	12,373
Amounts receivable from Asset Advisor	75,900	124,794	124,380
Unpaid share capital	2	2	2
	172,145	225,543	200,747

(1)This represents service charge deposits and cash-floats retained by the Asset Advisor to cover sundry costs for each property as they arise. In addition to these cash balances the Asset Advisor holds in escrow as at 30 September 2020, tenant rent deposits amounting to £114,689 (31 March 2020: £123,201; 30 September 2019: £123,201). 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 period (31 March 2020: nil; 30 September 2019: nil).

15. FINANCE PAYABLE

	(Unaudited) Six months ended 30 September 2020 £	(Audited) Year ended 31 March 2020 £	(Unaudited) Six months ended 30 September 2019 £
Al Rayan Bank	18,000,000	18,000,000	18,000,000
Unamortised finance cost	(61,389)	(32,057)	(80,142)
	17,938,611	17,967,943	17,919,858

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 was drawn down in respect of the purchase of 12 residential and 1 commercial property, with the additional finance being 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 was paid for the new facility. The total finance expense for the period was £294,699 (31 March 2020: 726,237; 31 September 2019: £363,117).

16. OTHER CREDITORS AND ACCRUALS

	(Unaudited) Six months ended 30 September 2020 £	(Audited) Year ended 31 March 2020 £	(Unaudited) Six months ended 30 September 2019 £
Advisory fees (note 21)	81,233	536,098	357,399
Deferred income	86,126	135,103	151,523
Audit fee	9,138	17,150	17,200
Administration fees (note 21)	11,875	11,875	11,875
Directors fees	3,125	-	3,125
Property expenses	38,183	32,235	28,618
Professional fees	6,200	-	4,680
Other creditors	-	3,951	64
	235,880	736,412	574,484

17. SHARE CAPITAL

	(Unaudited) Six months ended 30 September 2020 £	(Audited) Year ended 31 March 2020 £	(Unaudited) Six months ended 30 September 2019 £
Authorised			
100,000,000 ordinary shares of £0.01 each	1,000,000	1,000,000	1,000,000
Allotted and fully paid			
13,678,706 ordinary shares of £0.01 each	136,787	136,787	136,787

	(Unaudited) Six months ended 30 September 2020	(Audited) Year ended 31 March 2020	(Unaudited) Six months ended 30 September 2019
Ordinary shares			
At the beginning of the period/year	13,678,706	13,678,706	13,678,706
At the end of the period/year	13,678,706	13,678,706	13,678,706

Founder Shares

Holders of Founders Shares are not entitled to any dividends and do not have the right to receive notice of, attend, speak and vote at general meetings unless and until no Ordinary Shares are in issue. The Founder Shares may not be redeemed by the Company.

17. SHARE CAPITAL (continued)

Ordinary Shares

Holders of Ordinary Shares are entitled pari-passu to such dividends as the Directors may in their absolute discretion lawfully determine and declare and have the right to receive notice of, attend, speak and vote at general meetings of the Company. Subject to the provisions of the Companies (Jersey) Law, 1991 and the Company's Memorandum and Articles of Association, holders of Ordinary Shares may be redeemed by the Company. The Ordinary Shares may not be redeemed at the option of the holder.

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.

Retained income account - includes all current and prior period retained profits and losses.

18. SHARE PREMIUM ACCOUNT

	(Unaudited) Six months ended 30 September 2020 £	(Audited) Year ended 31 March 2020 £	(Unaudited) Six months ended 30 September 2019 £
Brought forward	20,591,263	20,591,263	20,591,263
	20,591,263	20,591,263	20,591,263

19. EARNINGS/(LOSS) PER SHARE

The calculation of earnings per share is based on the loss for the period of £269,823 (31 March 2020: loss £540,065; 30 September 2019 loss of £611,988) divided by the weighted average number of ordinary shares in issue during the period of 13,678,706 (31 March 2020: 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 £14,809,779 (31 March 2020: £15,079,602; 2019: £15,007,679) and on the ordinary shares in issue of 13,678,706 (31 March 2020: 13,678,706: 30 September 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 Administrator Agreement. The Agreement provides that Intertrust Fund Services (Guernsey) Limited will receive an annual fixed fee of £47,500 per annum, with respect to administration services. A total of £23,750 (31 March 2020: £47,500; 30 September 2019: £23,750) has been included in these accounts in respect of fees charged in accordance with this Agreement and £11,875 (31 March 2020: £11,875; 30 September 2019: £11,875) was outstanding at the Consolidated Statement of Financial position date. Martin Shires acts as a consultant to Intertrust Services Limited who are associated with Intertrust Fund Services (Guernsey) Limited.

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

Investment Advisors

LCPCI 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 period £131,401 for Advisory Fees was charged (31 March 2020: £357,399; 30 September 2019: £178,699) amd £81,233 (31 March 2020: £536,098: 30 September 2019: £357,399) was outstanding at the Consolidated Statement of Financial position date.

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.

No provision was made in these accounts in respect of performance fees which may be payable in the future.

LCP receives Acquisition Fees of 2% plus VAT of the price paid for each property acquired by the Company. During the period £ nil (31 March 2020: £nil; 30 September 2019: £nil) for Acquisition Fees was charged.

Property 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 period property acquisition, refurbishment and furnishing expenditure amounted to £nil (inclusive of VAT) (31 March 2020: £213; 30 September 2019: £213) with nil (31 March 2020: £nil, 30 September 2019: £nil) outstanding at the period 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 £83,417 (inclusive of VAT) (31 March 2020: £212,750; 30 September 2019: £95,905) has been included in these accounts in relation to these fees. 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, in the opinion of the Directors, there is no ultimate controlling party of the Group as defined by FRS102, Section 33, Related Party Disclosures.

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:

	30 September 2020 Carrying amount £	31 March 2020 Carrying amount £	30 September 2019 Carrying amount £
Finance and receivables			
Cash at bank	2,036,018	2,779,320	1,638,253
Debtors	164,897	208,729	188,374
Other short term investment	-	-	400,000
	2,200,915	2,988,049	2,226,627
Financial liabilities at amortised cost			
Creditors and accruals	149,754	601,309	422,961
Finance payable	17,938,611	17,967,943	17,919,858
	18,088,365	18,569,252	18,342,819

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. Whilst 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 profit 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 profit 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 30 September 2020	Not subject to profit receivable/ payable	Variable profit receivable/ payable	Fixed profit receivable/ payable	Total
Assets	**£**	**£**	**£**	**£**
Cash at bank	2,036,018	-	-	2,036,018
Debtors	164,897	-	-	164,897
Total financial assets	2,200,915	-	-	2,200,915
Liabilities				
Finance payable	-	17,938,611	-	17,938,611
Creditors and accruals	149,754	-	-	149,754
Total financial liabilities	149,754	17,938,611	-	18,088,365

As at 31 March 2020	Not subject to profit receivable/ payable	Variable profit receivable/ payable	Fixed profit 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 30 September 2019	Not subject to profit receivable/ payable	Variable profit receivable/ payable	Fixed profit receivable/ payable	Total
Assets	**£**	**£**	**£**	**£**
Other short term investment	-	-	400,000	400,000
Cash at bank	1,638,253	-	-	1,638,253
Debtors	188,374	-	-	188,374
Total financial assets	1,826,627	-	400,000	2,226,627
Liabilities				
Finance payable	-	17,919,858	-	17,919,858
Creditors and accruals	422,961	-	-	422,961
Total financial liabilities	422,961	17,919,858	-	18,342,819

23. FINANCIAL RISK MANAGEMENT (continued)

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

	(Unaudited) Six months ended 30 September 2020	(Audited) Year ended 31 March 2020	(Unaudited) Six months ended 30 September 2019
	£	£	£
Finance cost	(294,699)	(726,237)	(363,119)
	(294,699)	(726,237)	(363,119)

The above finance costs arises on financial liabilities measured at amortised cost using effective interest rate method.

For the Group, an increase in 100 basis points in finance costs, with all other variables remaining constant, would result in a loss of £159,026 (31 March 2020: loss of £151,886; 30 September 2020: loss of £162,816). 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 profit 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
(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 30 September 2020	Less than 3 months	3 months to 1 year	1 year to 5 years
	£	£	£
Finance payable	132,047	396,141	18,906,956
Creditors and accruals	149,754	-	-
Total	281,801	396,141	18,906,956

23. FINANCIAL RISK MANAGEMENT (Continued)

As at 31 March 2020	Less than 3 months	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 30 September 2019	Less than 3 months	3 months to 1 year	1 year to 5 years
	£	£	£
Finance payable	472,500	18,392,358	-
Creditors and accruals	422,961	-	-
Total	895,461	18,392,358	-

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 Asset Advisory 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 Asset Advisor holds in escrow as at 30 September 2020, tenant rent deposits amounting to £114,689 (31 March 2020: £123,201; 30 September 2019: £123,201). 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 period (31 March 2020: nil; 31 September 2019: nil).

(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.

23. FINANCIAL RISK MANAGEMENT (Continued)

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

	(Unaudited) Six months ended 30 September 2020 £	(Audited) Year ended 31 March 2020 £	(Unaudited) Six months ended 30 September 2019 £
Cash and cash equivalents	2,036,018	2,779,320	1,638,253
Rent receivable from Asset Advisor (note 14)	75,900	124,794	124,380
Cash floats held by Asset Advisor (note 14)	60,904	55,842	35,901
Service charge deposits	28,091	28,091	28,091
Total	2,200,913	2,988,047	1,826,625

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. SUBSEQUENT EVENTS

The Company purchased a flat at 45 Gloucester Street on 29 October 2020 for a consideration of £560,000.