

PRECINCT INVESTMENT COMPANY LIMITED

**Directors' report
and unaudited financial statements**

For the year ended 31 December 2020

PRECINCT INVESTMENT COMPANY LIMITED

Company information

For the year ended 31 December 2020

Directors	JTC Directors Limited Castle Directors Limited
Company secretary	JTC (Jersey) Limited
Registered number	109278
Registered office	28 Esplanade St. Helier Jersey JE2 3QA

PRECINCT INVESTMENT COMPANY LIMITED

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PRECINCT INVESTMENT COMPANY LIMITED

Directors' report

For the year ended 31 December 2020

The directors of Precinct Investment Company Limited (the "Company") present their report to the members together with the financial statements for the year ended 31 December 2020.

Incorporation

The Company was incorporated as a private company in Jersey, Channel Islands on 24 October 2011.

Activities and Results

The principal activity of the Company is that of a financing company. The results of the Company are set out in the statement of comprehensive income.

Dividends

The directors do not recommend the payment of a dividend for the year (2019: £nil).

Directors

The directors of the Company who held office during the year, and subsequently to the date of this report, were:-

Castle Directors Limited

JTC Directors Limited

Secretary

The secretary of the Company who held office during the year, and subsequently to the date of this report, was:

JTC (Jersey) Limited

This report was approved by the board and signed on its behalf



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For and on behalf of
JTC (Jersey) Limited
Secretary
28 September 2021

Registered office

28 Esplanade
St. Helier
Jersey
JE2 3QA

PRECINCT INVESTMENT COMPANY LIMITED

Statement of Directors' responsibilities

For the year ended 31 December 2020

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law in Jersey requires directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). In preparing these 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;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRECINCT INVESTMENT COMPANY LIMITED

Statement of comprehensive income For the year ended 31 December 2020

	2020		2019	
	£	£	£	£
Income				
Loan interest	30,868,930		29,343,882	
Bond interest	13,793,852		10,019,740	
Other interest	13,870		34,073	
Total operating revenues		44,676,652		39,397,695
Expenses				
Administrative expenses	111,469		55,483	
Finance costs	17,332,533		18,794,943	
Loss on revaluation of foreign currency	1,122,094		1,049,722	
Total operating expenses		(18,566,096)		(19,900,148)
Profit before tax		26,110,556		19,497,547
Taxation		-		-
Total comprehensive income for the year		26,110,556		19,497,547

The notes on pages 7 to 14 form an integral part of these financial statements.

PRECINCT INVESTMENT COMPANY LIMITED

Statement of financial position As at 31 December 2020

		2020	2019
	Notes	£	£
Non-current assets			
Discounted bonds	3	149,937,595	124,051,885
Loans receivable	4	627,567,411	589,476,026
		777,505,006	713,527,911
Current assets			
Trade and other receivables	5	32,642	29,794
Loans receivable	6	270,920,432	203,363,460
Cash at bank		1,490,006	201,165
Total current assets		272,443,080	203,594,419
Total assets		1,049,948,086	917,122,330
Current liabilities			
Trade and other payables	7	381,360,438	274,645,238
Non-current liabilities			
Other payables	8	536,714,439	536,714,439
Net assets		131,873,209	105,762,653
Equity			
Share capital	9	2	2
Retained profit		131,873,207	105,762,651
Total equity		131,873,209	105,762,653

The financial statements on pages 3 to 14 were approved and authorised for issue on behalf of the board of Directors on **28 September 2021** and signed on its behalf by:



Director
For and on behalf of
JTC Directors Limited



Director
For and on behalf of
Castle Directors Limited

The notes on pages 7 to 14 form an integral part of these financial statements.

PRECINCT INVESTMENT COMPANY LIMITED

Statement of changes in equity For the year ended 31 December 2020

	Share capital £	Retained profit £	Total equity £
At 1 January 2019	2	86,265,104	86,265,106
Total comprehensive income for the year	-	19,497,547	19,497,547
At 31 December 2019	2	105,762,651	105,762,653
Total comprehensive income for the year	-	26,110,556	26,110,556
At 31 December 2020	2	131,873,207	131,873,209

The notes on pages 7 to 14 form an integral part of these financial statements.

PRECINCT INVESTMENT COMPANY LIMITED

Statement of cash flows

For the year ended 31 December 2020

	2020	2019
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income for the year	26,110,556	19,497,547
<i>Adjustments for:</i>		
Interest received	(13,870)	(34,073)
Unrealised foreign exchange loss on zero coupon bonds	158,142	368,457
<i>Adjustments for changes in working capital:</i>		
Increase in payables	17,315,063	18,826,006
(Increase)/decrease in receivables	(2,848)	3,119
Cash used in operations	43,567,043	38,661,056
Interest received	13,870	34,073
Net cash flows from operating activities	43,580,913	38,695,129
Cash flows from investing activities		
Loans to related undertakings	(78,747,907)	(51,888,541)
Loans from related undertakings	93,368,617	45,121,263
Partial redemption of bond	-	24,970,793
Investment in bond	(12,250,000)	(21,000,000)
Loan interest receivable	(30,868,930)	(29,343,882)
Interest receivable on discounted bonds	(13,793,852)	(10,019,740)
	1,288,841	(3,464,978)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	201,165	3,666,143
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,490,006	201,165

The notes on pages 7 to 14 form an integral part of these financial statements.

PRECINCT INVESTMENT COMPANY LIMITED

Notes to the financial statements

For the year ended 31 December 2020

General Information

Precinct Investment Company Limited (the "Company") is a company incorporated and registered in Jersey on 24 October 2011. The registered address is 28 Esplanade, St Helier, Jersey, JE2 3QA.

The principal activity of the Company is that of a financing company.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to those balances considered material to the financial statements throughout the current year, unless otherwise stated.

1.1 Basis of preparation

The financial statements give a true and fair view and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements are presented in Sterling, the Company's functional and presentational currency.

These financial statements have been prepared under the historic cost convention.

1.2 Going concern

The Directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company.

1.3 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the reported amounts in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

1.4 Foreign currency translation

Monetary assets and liabilities are translated from currencies other than Sterling ("foreign currencies") to Sterling (the "functional currency") at the rate prevailing on the reporting date. Income and expenses are translated from foreign currencies to Sterling at the rate prevailing at the date of the transaction. Exchange differences are recognised in the statement of comprehensive income.

1.5 Other income and expenses

Other income receivable and expenses are accounted for on an accruals basis.

1.6 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Profits arising in the Company for the 2020 year of assessment will be subject to Jersey income tax at the rate of 0% (2019: 0%).

PRECINCT INVESTMENT COMPANY LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2020

1.7 Financial assets

Financial assets, including debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

1.8 Financial liabilities

Financial liabilities, including creditors and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. They are subsequently measured at amortised cost.

1.10 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved.

1.12 Interest income and expense

Interest income and expense are accounted for on a time-proportionate basis using the effective interest rate method.

2 Standards, amendments and interpretations

The Company has adopted all relevant standards that were in issue and effective for the year.

At the date of authorisation of these financial statements, there were a number of standards and interpretations which have not been applied in these financial statements and were issued but not effective. The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the Financial statements of the Company.

PRECINCT INVESTMENT COMPANY LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2020

3 Discounted Bonds	2020	2019
	£	£
Discounted bonds	149,937,595	124,051,885

Zero coupon discounted bonds are secured and typically have 5 year maturity periods.

4 Loans receivable - Long term	2020	2019
	£	£
(i) Loan receivable	26,361,539	14,706,837
(ii) Loans receivable	601,205,872	574,769,189
	627,567,411	589,476,026

(i) Loan is secured, does not bear interest and has a specific repayment date not within 12 months from the balance sheet date.

(ii) Loans are unsecured, bear interest at 5.38% per annum and are not repayable within one year. Loan interest receivable of £30,868,930 (2019: £29,343,882) has been capitalised during the year.

5 Trade and other receivables	2020	2019
	£	£
Unpaid share capital	2	2
Other receivables	32,640	29,792
	32,642	29,794

6 Loans receivable - Short term	2020	2019
	£	£
Loans receivable	270,920,432	203,363,460

The above loans are unsecured, interest free and with repayment date unspecified.

PRECINCT INVESTMENT COMPANY LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2020

7 Trade and other payables	2020	2019
	£	£
Accruals	97,636,246	80,321,183
Loans payable	283,724,192	194,324,055
	381,360,438	274,645,238

Loans payable are unsecured, interest free and with repayment date unspecified.

8 Other payables	2020	2019
	£	£
Loan Notes:		
£5,114,439.14 Class A variable	5,114,439	5,114,439
£200,000,000 Class B variable	200,000,000	200,000,000
£80,000,000 Class B variable	80,000,000	80,000,000
£240,000,000 Class C variable	240,000,000	240,000,000
£11,600,000 Class D variable	11,600,000	11,600,000
	536,714,439	536,714,439

Loan notes are unsecured, bear interest at 2% above 6 months LIBOR and are repayable on 30 June 2026.

9 Share capital	2020	2019
	£	£
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Issued		
2 ordinary shares of £1 each	2	2

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Externally imposed capital management

There are no capital requirements externally imposed on the Company.

PRECINCT INVESTMENT COMPANY LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2020

10 Financial Instruments and Associated Risks

The risks relating to the Company's operations include credit risk, liquidity risk, and the market risks of interest rate risk, price risk and foreign currency risk.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument will default on its contractual obligations that it has entered into with the Company resulting in financial loss to the Company. The Company has trade receivables of £32,642 (2019: £29,793). Cash balances are held at Barclays Bank PLC, which has a group credit rating of A2 on short term deposits with Global Credit Ratings. It is the opinion of the directors that the carrying amounts of £1,490,006 (2019: £201,165) relating to these financial assets represent the Company's maximum credit risk exposure at the year end.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations arising from financial liabilities. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate framework for the management of the Company's liquidity requirements.

The financial liabilities of the Company are payables which are repayable on demand hence it is the opinion of the board of directors that an analysis of liabilities by maturity dates is not appropriate. The Company's payables as at 31 December 2020 are £381,360,438 (2019: £274,645,238). The Company funds its own liabilities through its cash reserves and if required from its debtors.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in (a) interest-bearing assets (b) foreign currencies and (c) equity prices, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be accepted. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

(i) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow.

The Company's exposure to interest rate risk is limited to the interest rates on bank balances and loan notes. The bank balance of £1,490,006 (2019: £201,165) is subject to floating rates. The directors are of the view that the Company is not significantly exposed to interest rate risk on bank balances due to the prevalent low interest rates. A sensitivity analysis for interest rate risk arising from bank balances has not been presented. The loan notes attract interest at LIBOR plus margin. Margin is being agreed at 2% and 4% on default interest, the effective interest rate of 2.57288% and 4.57288% have been applied for the year to 31 December 2020 (2019: 2.9425% and 4.9425%) for the loan notes interest and default interest respectively.

PRECINCT INVESTMENT COMPANY LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2020

10 Financial Instruments and Associated Risks (continued)

(ii) Foreign currency risk

The Company is exposed to foreign currency risk by way of a US dollar bank account.

The functional currency of the Company is Sterling.

The impact of the movement in the foreign exchange rate is insignificant.

(iii) Price risk

At the balance sheet date the Company did not have any exposure to Price risk.

Financial assets and liabilities - Numerical information

Liquidity risk profile

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

<i>Financial liabilities</i>	2020	2019
	£	£
Less than one year	381,360,438	274,645,238
Between one year and two years	-	-
Between two years and five years	-	-
Over five years	536,714,439	536,714,439
	918,074,877	811,359,677

PRECINCT INVESTMENT COMPANY LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2020

10 Financial Instruments and Associated Risks - continued

Interest rate profile

The interest rate profiles of the financial assets and liabilities of the Company are set out below:

As at 31 December 2020	Floating rate	Fixed rate	Non-interest bearing	Total
	£	£	£	£
Assets:				
Trade and other receivables	-	-	32,642	32,642
Loans receivable	-	601,205,872	297,281,971	898,487,843
Cash	1,490,006	-	-	1,490,006
	1,490,006	601,205,872	297,314,614	900,010,492

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

As at 31 December 2019	Floating rate	Fixed rate	Non-interest bearing	Total
	£	£	£	£
Assets:				
Trade and other receivables	-	-	29,794	29,794
Loans receivable	-	574,769,189	218,070,297	792,839,486
Cash	201,165	-	-	201,165
	201,165	574,769,189	218,100,091	793,070,445

As at 31 December 2020	Floating rate	Fixed rate	Non-interest bearing	Total
	£	£	£	£
Liabilities:				
Trade and other payables	-	-	97,636,246	97,636,246
Loans payable	-	-	283,724,192	283,724,192
Loan notes	536,714,439	-	-	536,714,439
	536,714,439	-	381,360,438	918,074,877

PRECINCT INVESTMENT COMPANY LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2020

10 Financial Instruments and Associated Risks - continued

Interest rate profile (continued)

As at 31 December 2019	Floating rate	Fixed rate	Non-interest bearing	Total
	£	£	£	£
Liabilities:				
Trade and other payables	-	-	80,321,183	80,321,183
Loans payable	-	-	194,324,055	194,324,055
Loan notes	536,714,439	-	-	536,714,439
	536,714,439	-	274,645,238	811,359,677

The loan notes attract interest at 2% plus 6 months LIBOR, the effective interest rate of 2.5728% (2019: 2.9425%) has been applied for the year to 31 December 2020. At 31 December 2020 if the effective rate increased / decreased by 5 basis point, profit for the year would have been £268,357 (2019: £268,357) higher/lower.

The repayment date of the loan notes is 30 June 2026.

11 Related party transactions

The Company had the following transactions with JTC (Jersey) Ltd, a company under common control, during the year: directors' fees, administration, accounting and professional fees, in the total amount of £64,398 (2019: £51,457) of which £14,532 remains outstanding at the year end (2019: £51,002).

12 Post balance sheet events

There were no post balance sheet events that require disclosure in these financial statements.