

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 SEPTEMBER 2023

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

CONTENTS	Page
Directory	2
Interim Report of the Directors	3-5
Interim Investment Manager's Report	6-7
Unaudited Interim Statement of Comprehensive Income	8
Unaudited Interim Statement of Financial Position	9
Unaudited Interim Statement of Changes in Equity	10
Unaudited Interim Statement of Cash Flows	11
Notes to the Unaudited Interim Financial Statements	12-27

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

DIRECTORY

Registered Office

44 Esplanade
St Helier
Jersey, JE4 9WG

Auditor

Grant Thornton Limited
St James Place
St James Street
St Peter Port
Guernsey, GY1 2NZ

Property Manager

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

Administrator, Transfer Agent, Registrar and Listing Sponsor

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

Bankers in Guernsey

Butterfield Bank (Guernsey) Limited
Regency Court
Gategny Esplanade
St Peter Port
Guernsey, GY1 3AP

Legal Advisors to the Fund in Jersey

Carey Olsen
47 Esplanade
St Helier
Jersey, JE1 0BD

Investment Advisors

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

Property Lawyers

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

Independent Valuers

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

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

INTERIM REPORT OF THE DIRECTORS

SIX MONTHS ENDED 30 SEPTEMBER 2023

The Directors present their unaudited report and unaudited interim financial statements (the "financial statements" or "interim financial statements") of The London Central Residential Recovery Fund (the "Company" or the "Fund") for the period ended 30 September 2023.

Status and activities

The Company is a closed-ended limited liability public company which is an Unregulated Exchange Traded Fund and was incorporated in Jersey on 10 March 2009 under the Companies (Jersey) Law 1991 (as amended) with registration number 102781 and admitted to trading on The International Stock Exchange on 22 January 2010. On 17 March 2010, 13,697.50 Ordinary Shares were issued to shareholders. A further 54,603.55 Ordinary Shares were issued on 16 April 2010.

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.

Going Concern

During the period the Company made a net operating profit of £6,800 (31 March 2023: £133,958). The Company's net rental income, access to loan facilities with Butterfield Bank (Guernsey) Limited ("the Bank") and property disposals currently finance the Company's operations. The loan facility with the Bank is due to expire on 31 January 2024. The loan facility was extended for a further 6 months to 31 July 2024. Further details of the loan facility are provided in note 13.

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

As previously reported, the Company has passed the end of the defined 8-year Investment Period detailed in the Private Placement Memorandum dated March 2009 ("PPM"). At each Annual General Meeting ("AGM") since the expiry of the Investment Period, the Directors were required to put forward a Special Resolution ("SR") to initiate a solvent summary winding-up of the Company. At the AGM held on 7 December 2023 the shareholders voted against the resolution to appoint liquidators and therefore the Directors will continue to dispose of the Fund's portfolio.

The Directors acknowledge that the results of the shareholders vote in the next AGM presents uncertainty over the going concern position. The Board will continue to propose that the shareholders allow the Board to continue the voluntary wind up. Based on the above consideration, the financial statements are prepared on a going concern basis with a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

Directors' responsibilities

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the profit and loss of the Company for that period and are in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") 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 explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the will continue in business.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

INTERIM REPORT OF THE DIRECTORS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

Directors' responsibilities (continued)

The Directors confirm that they have complied with the requirements in preparing the unaudited interim financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Jersey) Law, 1991 (as amended). 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.

Results and dividends

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

The Directors of the Company who served during the period ended 30 September 2023 and to date are:

Martin Shires

Naomi Claire Helen Heaton

Philip Mudie Bodman (appointed on 02 March 2023)

Peter Francis Griffin (resigned on 02 March 2023)

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

	Period ended 30 September 2023	Year ended 31 March 2023	Period ended 30 September 2022
	Ordinary shares		Ordinary shares
Martin Shires	nil	nil	nil
Naomi Claire Helen Heaton	250	250	250
Philip Mudie Bodman	nil	nil	nil
Denton & Co Trustees Limited	600	600	600
Peter Francis Griffin	nil	nil	nil

Denton & Co Trustees Limited is a company in which Naomi Heaton has an interest as a Beneficiary and Settlor.

Directors' remuneration

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

	Period ended 30 September 2023	Year ended 31 March 2023	Period ended 30 September 2022
	£	£	£
Naomi Heaton	nil	nil	nil
Martin Shires	6,250	12,500	6,250
Peter Griffin	nil	11,458	6,250
Philip Mudie Bodman	6,250	1,042	nil

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

INTERIM REPORT OF THE DIRECTORS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

Directors' remuneration (continued)

Naomi Heaton is the Chair of London Central Portfolio Limited ("LCP") and LCP Capital Investments Limited ("LCPCI"). LCP are engaged by the Company as Property Manager pursuant to the terms of the Search & Purchase Management Agreement, Letting & Rental Management Agreement and Refurbishment & Furnishing Agreement. LCPCI are engaged by the Company as Investment Advisors pursuant to an agreement concerning provision of investment advice.

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

Substantial shareholdings

At 30 September 2023 the issued share capital of the Company was 68,301.05 (31 March 2023: 68,301.05; 30 September 2022: 68,301.05) Ordinary Shares of £0.01 each. At 30 September 2023 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
Gateley Custodian and Nominee Services Limited	26,807	39.25
Suffolk Life Trustees Limited as Trustee of A/C TCS	3,652	5.35

Financial instruments and risk management

Information on the use of financial instruments by the Company and its management of financial risk is disclosed in Note 21 to the financial statements.

APPROVED BY THE BOARD OF DIRECTORS

Martin Shires

Martin Shires, Director

Date: 04/01/2024

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

INTERIM INVESTMENT MANAGERS REPORT

SIX MONTHS ENDED 30 SEPTEMBER 2023

Market Update

The UK economy has demonstrated resilience in the face of ongoing challenges over the last couple of years, and the weak growth observed is a more positive outcome than the recession anticipated this time last year. While the successive increases in the base rate seem to have plateaued, the Bank of England remains committed to maintaining a high base rate throughout 2024 to control inflation and meet the Bank's target of 2.0% per annum in the medium-term.

Consequently, the cost of borrowing has reached its highest level in over 15 years, directly impacting both the overall UK and Prime Central London ("PCL") residential markets. There is a noticeable "lack of urgency" among buyers. The fragility of the market is highlighted by the fact that on average there is only one interested buyer per property. Properties that failed to sell in the Summer/Autumn months are remaining on the market at reduced asking prices. Many investors, both domestic and international, are opting to use cash to pay down their debt levels rather than investing further in property, where yields are challenging to justify in the current climate. If the recent volatility persists, transaction numbers are likely to remain suppressed, and values could face downward pressure.

Third-party commentators on the PCL property market have adjusted their forecasts, anticipating subdued property values next year and delaying any price recovery until at least 2025 and beyond. Over a 5-year period, an average net growth of 18.11% is expected for PCL ¹.

Fund Update

As outlined in the Fund's Private Placement Memorandum ("PPM"), the Directors are required to put forward a Special Resolution to initiate a formal 'summary' winding-up of the Fund to Shareholders at each Annual General Meeting (AGM) following the expiry of its Investment Period^[2], which occurred in 2018. Ahead of the December 2023 AGM, the Directors recommended that Shareholders vote against this Special Resolution due to the unfavourable restrictions a voluntary wind-up would impose on the Fund having to trade 'in liquidation' and not being able to extend or renew financing with the Bank. The Shareholders voted against the Special Resolution supported by 98.58% of votes cast, and also voted unanimously in favour of the two Ordinary Resolutions relating to the operational aspects of the Fund; to receive and consider the financial statements as at 31 March 2023 and to re-appoint Grant Thornton as the external auditors for the 31 March 2024 financial statements.

The Board received the mandate at the 2022 AGM to realise the assets in the Fund's portfolio at commercially viable levels, and substantial progress has been achieved. Of the 27 properties available a year ago:

- 8 properties have been successfully sold.
- 8 properties are presently under offer and 1 property exchanged.
- 7 properties are currently listed on the market for sale.
- 3 properties are withdrawn to facilitate a relaunch in the New Year.

Assuming the under-offer and exchanged transactions complete, this would result in 59% of the portfolio by value being divested. Thus far, the divested properties track at 0.7% below book value before direct costs.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

INTERIM INVESTMENT MANAGERS REPORT (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

With the Fund well into its run-off stage and considering recent property sales have been within 5% of the carrying book value, the Directors are reasonably confident that the portfolio is accurately marked-to-market. Further expenditure of shareholder funds on external valuations would not be beneficial at this point.

The latest estimated net asset value per share (NAV) of the Fund at 30 September 2023 is £71.13, down from £78.29 at 31 March 2023. The movement in the NAV is attributed to operational expenses subject to continued rises in financing costs, partially offset by increasing rental income. As the divestment of the Fund's assets progresses, financing expenses will decrease as the amount of the bank facility is reduced following completed sales. The primary focus for the Fund is to repay down the balance of the debt facility.

The Board has instructed LCP Capital Investments Limited to keep shareholders updated on the sales progress.

Summary

At the interim balance date, the Fund has made significant progress in the divestment of the portfolio. While projections are subject to a wide array of assumptions, some of which may not materialise, market commentators predict a subdued PCL property market in 2024 and a modest recovery commencing in 2025. The Board does not believe that it is the best interests of shareholders to delay property sales in the hope of more favourable market conditions. The Board will continue its disposal programme in line with current policies.

¹ Average of 5-year forecasts of capital value movements in PCL from Savills (Nov-23), Knight Frank (Mar-23) and JLL (May-23).

² Extract from PPM

Dissolution of the Company at the end of the Investment Period

At the end of the Investment Period, a special resolution to wind-up the Company will be put to the Shareholders at the annual general meeting of the Company. In the event that this resolution is passed by the Shareholders then the assets of the Company will be disposed of in an orderly fashion.

The monies received after paying for any selling agent's fees on disposal or other associated costs, will be used to initially reduce the loan facility with Fortis Bank (C.I.) Limited such that the original loan on each property is paid off.

The balance of the funds, unless it is the view of the Directors that some monies should be held in reserve for future costs, expenses and fees will be distributed proportionately to each Shareholders shareholding on the last Business Day of April, June, September and December.

This distribution will continue until all the properties in the portfolio have been disposed of, once all outstanding costs, fees and expenses are paid. The Directors will decide whether any retention shall be made following the winding-up of the Company on advice of the Auditors.

If the Shareholders do not resolve to wind-up the Company at the end of the Investment Period, the special resolution will be put to Shareholders at each subsequent general meeting until the Company is wound-up.

If it is anticipated that the performance benchmark objective of the Company shall have been achieved earlier than 8 years, or if it is expedient due to other reasons

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

UNAUDITED INTERIM STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 SEPTEMBER 2023

		(Unaudited) Six months ended 30 September 2023 £	(Audited) Year ended 31 March 2023 £	(Unaudited) Six months ended 30 September 2022 £
	Notes			
REVENUE				
Rental income		287,538	684,035	324,838
Sundry income		574	-	-
Gross profit		288,112	684,035	324,838
Administrative expenses	9	(94,922)	(198,114)	(94,863)
Property expenses	10	(186,390)	(351,963)	(188,300)
		(281,312)	(550,077)	(283,163)
OPERATING PROFIT	7	6,800	133,958	41,675
Loss on disposal of investment property		(53,874)	(136,193)	-
Interest expense	13	(442,138)	(751,687)	(311,596)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		(489,212)	(753,922)	(269,921)
Earnings per share (pounds per share)	17	(7.16)	(11.04)	(3.95)

The Company has no other comprehensive income other than that 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 27 form an integral part of these financial statements.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Notes	(Unaudited) 30 September 2023		(Audited) 31 March 2023		(Unaudited) 30 September 2022	
		£	£	£	£	£	£
FIXED ASSETS							
Investment properties	11		16,212,074		20,249,085		22,290,535
			16,212,074		20,249,085		22,290,535
CURRENT ASSETS							
Debtors and prepayments	12	31,434		91,538		43,070	
Cash at bank		78,750		78,750		78,750	
		110,184		170,288		121,820	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR							
Other creditors and accruals	14	1,155,209		1,088,044		1,014,809	
Loan payable	13	10,308,736		13,983,804		-	
		11,463,945		15,071,848		1,014,809	
NET CURRENT LIABILITIES			(11,353,761)		(14,901,560)		(892,989)
TOTAL ASSETS LESS CURRENT LIABILITIES			4,858,313		(5,347,525)		21,397,546
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR							
Loan payable	13		-		-		15,566,020
NET ASSETS			4,858,313		(5,347,525)		5,831,526
CAPITAL AND RESERVES							
Called up share capital	15		685		685		685
Share premium	16		6,265,737		6,265,737		6,265,737
Retained income			(1,408,109)		(918,897)		(434,896)
SHAREHOLDERS' FUNDS			4,858,313		5,347,525		5,831,526
Net asset value per share (pounds per share)	18		71.13		78.29		85.38

The unaudited interim financial information was approved and authorised for issue by the board on the 4 January 2024 and signed on its behalf by:

Martin Shires
.....

Martin Shires, Director

The notes on pages 12 to 27 form an integral part of these financial statements.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

UNAUDITED INTERIM STATEMENT OF CHANGES IN EQUITY SIX MONTHS ENDED 30 SEPTEMBER 2023 (unaudited)

	Share Capital £	Share Premium £	Retained Income £	Total £
Balance as at 1 April 2022	685	6,265,737	(164,975)	6,101,447
Loss for the period	-	-	(269,921)	(269,921)
Balance as at 30 September 2022	685	6,265,737	(434,896)	5,831,526
Balance as at 1 April 2022	685	6,265,737	(164,975)	6,101,447
Loss for the year	-	-	(753,922)	(753,922)
Balance as at 31 March 2023	685	6,265,737	(918,897)	5,347,525
Loss for the period	-	-	(489,212)	(489,212)
Balance as at 30 September 2023	685	6,265,737	(1,408,109)	4,858,313

The notes on pages 12 to 27 form an integral part of these financial statements.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

UNAUDITED INTERIM STATEMENT OF CASH FLOWS SIX MONTHS ENDED 30 SEPTEMBER 2023

	Notes	(Unaudited) Six months ended 30 September 2023 £	(Audited) Year ended 31 March 2023 £	(Unaudited) Six months ended 30 September 2022 £
Operating activities				
Operating profit for the period/year		6,800	133,958	41,675
Decrease/(increase) in operating debtors		60,104	(28,240)	20,228
Increase/(decrease) in operating creditors		67,165	156,662	83,427
Interest paid		(442,138)	(751,687)	(311,596)
Net cash used in operating activities		(308,069)	(489,307)	(166,266)
Cash flows from investing activities				
Refurbishment of investment properties	11	(22,989)	(54,274)	(35,725)
Sale of investment properties		4,006,126	1,923,807	-
Net cash generated/(used) by investing activities		3,983,137	1,869,533	(35,725)
Cash flows from financing activities				
Loans (repaid)/received		(3,675,068)	(1,380,226)	201,991
Net cash (used)/generated in financing activities		(3,675,068)	(1,380,226)	201,991
Net cash inflow/(outflow) for the period/year		-	-	-
Cash at beginning of period/year		78,750	78,750	78,750
Cash and cash equivalents at end of period/year		78,750	78,750	78,750

The notes on pages 12 to 27 form an integral part of these financial statements.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 SEPTEMBER 2023

1. COMPANY INFORMATION

The London Central Residential Recovery Fund Limited (the "Company") is a closed ended limited liability public company which is an Unregulated Exchange Traded Fund and was incorporated in Jersey on 10 March 2009 under the Companies (Jersey) Law 1991 (as amended) and admitted to trading on The International Stock Exchange on 22 January 2010.

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.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including FRS102, and with the Companies (Jersey) Law 1991 (as amended). The 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 Company's functional and presentation currency is Sterling ("£").

4. GOING CONCERN

During the period the Company made a net operating profit of £6,800 (31 March 2023: £133,958). The Company's net rental income, access to loan facilities with Butterfield Bank (Guernsey) Limited ("the Bank") and property disposals currently finance the Company's operations. The loan facility was extended for a further six months to 31 July 2024. Further details of the loan facility are provided in note 13.

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

As previously reported, the Company has passed the end of the defined 8-year Investment Period detailed in the Private Placement Memorandum dated March 2009 ("PPM"). At each Annual General Meeting ("AGM") since the expiry of the Investment Period, the Directors were required to put forward a Special Resolution ("SR") to initiate a solvent summary winding-up of the Company. At the AGM held on 7 December 2023 the shareholders voted against the resolution to appoint liquidators and therefore the Directors will continue to dispose of the Fund's portfolio.

The Directors acknowledge that the results of the shareholders vote in the next AGM presents uncertainty over the going concern position. The Board will continue to propose that the shareholders allow the Board to continue the voluntary wind up. Based on the above consideration, the financial statements are prepared on a going concern basis with a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

5. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

Fair value of investment properties

The Directors have relied on the valuations prepared by Adelaide Jones & Co Limited ("the valuers") for financing purposes as at 10 September 2021 which provide the Market Value. The Directors do not consider that there have been any significant changes in factors affecting valuations since 10 September 2021 and have therefore relied on the valuations carried out by Adelaide Jones & Co Limited as at that date.

Sales will be realised in an organised manner, either as a whole or individually, whichever achieves the highest amount. Given the assumption that the properties would be sold as a whole, or individually, the valuers have not considered it appropriate to adjust the overall value for a block discount in the event that the portfolio was sold as a whole. Equally, the valuers have ascribed no additional value to the possibility that there may be a premium achievable on the sale of the entire portfolio.

It has been assumed that where tenanted, properties will be disposed of in a condition suitable for marketing with the tenant having complied with repairing and dilapidations covenants.

The Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing.

The valuations have been based upon physical inspection of the premises and research of the market for sales evidence of similar properties in the immediate area. In some cases, this is based on knowledge of properties recently valued or surveyed by Adelaide Jones & Co Limited and in others, the opinions and evidence of local estate agents have been obtained.

6. ACCOUNTING POLICIES

(6.1) INVESTMENT PROPERTY

Initial recognition:

Investment property is property held by the Company 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.

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.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2023

6. ACCOUNTING POLICIES (continued)

(6.2) 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.

(6.3) 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.

(6.4) EXPENSES

Expenses are accounted for on an accrual basis.

(6.5) FURNITURE AND FITTINGS

Initial recognition:

The Company 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 Company 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 Company derecognises fixtures and fittings:

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

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

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued) SIX MONTHS ENDED 30 SEPTEMBER 2023

6. ACCOUNTING POLICIES (continued)

(6.6) FINANCIAL INSTRUMENTS

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

Financial Assets

The Company'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 Company classifies its financial assets as basic and non-basic. Unless otherwise indicated, the carrying amounts of the Company's financial assets are a reasonable approximation of their fair values.

Loans and receivables

These assets are non-derivative basic financial assets with fixed or determinable payments that are not quoted in an active market. These 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 on issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these 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 Company 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 Company 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 or settled.

Any gain or loss on de-recognition is taken to the Interim Statement of Comprehensive Income.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

(6.6) FINANCIAL INSTRUMENTS (continued)

Financial Liabilities

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

Financial liabilities measured at amortised cost

Other creditors and accruals and loans 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 derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on de-recognition is taken to the Interim Statement of Comprehensive Income.

Share capital

Financial instruments issued by the Company are treated as equity if they represent the residual interest in the net assets of the Company. The Company's Ordinary Shares are classified as equity instruments. The Company 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.

7. REVENUE AND OPERATING PROFIT

Revenue and operating profit derive wholly from continuing activities.

8. TAXATION

Guernsey Tax

The Company resides in Jersey but tax resident in Guernsey by virtue of management and control taking place in Guernsey. The Company has elected to pay an annual exempt company fee in Guernsey that is presently £1,200.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

8. TAXATION (continued)

UK Tax on rental income

With effect from 6 April 2020, the Company is subject to UK Corporation Tax (19%) on its taxable rental profits. The rate of UK Corporation tax is 25% with effect from 1 April 2023.

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 Company. The Company 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-UK domiciled individual. This measure does not apply to widely held companies and therefore should not impact the Company. Investors should seek their own tax advice when considering their domicile position and exposure to IHT.

9. ADMINISTRATIVE EXPENSES

	(Unaudited) Six months ended 30 September 2023 £	(Audited) Year ended 31 March 2023 £	(Unaudited) Six months ended 30 September 2022 £
Administration fees (Note 19)	18,750	37,500	18,750
Directors fee	12,500	25,000	12,500
Audit fees	11,172	17,150	8,575
Legal and professional fees	47,300	108,131	49,883
Insurance	5,050	10,057	5,015
Sundry expenses	-	151	14
Bank charges	150	125	126
	<u>94,922</u>	<u>198,114</u>	<u>94,863</u>

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

10. PROPERTY EXPENSES

	(Unaudited) Six months ended 30 September 2023 £	(Audited) Year ended 31 March 2023 £	(Unaudited) Six months ended 30 September 2022 £
Rates and insurance	8,931	21,120	8,624
Repairs and maintenance	78,214	121,207	81,995
Property management fees (Note 19)	47,281	129,888	61,862
Cleaning and service charges	51,964	79,748	35,819
	<u>186,390</u>	<u>351,963</u>	<u>188,300</u>

11. INVESTMENT PROPERTIES

	Freehold investment properties £	Leasehold investment properties £	Total £
Opening balance 1 April 2023	11,288,893	8,960,192	20,249,085
Refurbishment/Lease	22,989	-	22,989
Sale of properties	(1,400,000)	(2,660,000)	(4,060,000)
Closing balance 30 September 2023	<u>9,911,882</u>	<u>6,300,192</u>	<u>16,212,074</u>

	Freehold investment properties £	Leasehold investment properties £	Total £
Opening balance 1 April 2022	11,265,788	10,989,023	22,254,811
Sale of properties	-	(2,060,000)	(2,060,000)
Property refurbishment expenditure	23,105	31,169	54,274
Closing balance 31 March 2023	<u>11,288,893</u>	<u>8,960,192</u>	<u>20,249,085</u>

	Freehold investment properties £	Leasehold investment properties £	Total £
Opening balance 1 April 2022	11,265,787	10,989,023	22,254,810
Property refurbishment expenditure	35,725	-	35,725
Closing balance 30 September 2022	<u>11,301,512</u>	<u>10,989,023</u>	<u>22,290,535</u>

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

11. INVESTMENT PROPERTIES(continued)

At 30 September 2023 there was a legal charge registered over all of the Company's 10 investment properties as security for its bank borrowings (see Note 13). In accordance with FRS102, Section 16, Measurement after Recognition, a RICS Red Book valuation was undertaken by Adelaide Jones & Co Limited for financing purposes as at 10 September 2021. The Directors do not consider that there have been any significant changes in factors affecting valuations since 10 September 2021 and have therefore relied on the valuations undertaken at this date. 7 of the investment properties are leasehold all with remaining terms in excess of 20 years. Of the 3 freehold properties, 3 are long leaseholds where the Company also holds a share in the freehold owning company. Accordingly these have been classified by the Directors as freehold. The combined historical cost of the properties is £13,519,865 (31 March 2023: £17,556,876; 30 September 2022: £19,570,896).

12. DEBTORS AND PREPAYMENTS

	(Unaudited) 30 September 2023	(Audited) 31 March 2023	(Unaudited) 30 September 2022
	£	£	£
Prepayments	4,919	11,986	5,687
Rent receivable from Property Manager	14,015	21,306	10,785
Cash floats held by Property Manager *	-	42,556	10,909
Service charge deposits	12,500	15,690	15,690
	<u>31,434</u>	<u>91,538</u>	<u>43,070</u>

*This represents cash retained by the Property Manager to cover sundry costs for each property as they arise. In addition to these cash balances the Property Manager holds in escrow as at 30 September 2023, tenant rent deposits amounting to £50,143 (31 March 2023: £67,944; September 2022: £74,167). These deposits are held as security for the tenants' performance under the tenancy agreements and have not been included in these financial 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 2023; nil: 30 September 2022: nil).

13. LOANS PAYABLE

	(Unaudited) 30 September 2023	(Audited) 31 March 2023	(Unaudited) 30 September 2022
	£	£	£
Butterfield Bank (Guernsey) Limited	<u>10,308,736</u>	<u>13,983,804</u>	<u>15,566,020</u>

Existing loan facilities (detailed below) from Butterfield Bank (Guernsey) Limited (the "Bank") were consolidated and extended under a facility letter dated 7 December 2021. The current facility offered by the Bank to the Company is a maximum loan amount of £15,568,000 (exclusive of fees) for a period of 2 years. The facility is secured by a first charge over the Company's property portfolio.

The above facility replaces the loan facility dated 12 March 2009 for the loan amount of £12,600,000, the loan facility dated 11 August 2014 for the loan amount of £4,500,000, loan facility dated 7 July 2016 for the loan amount of £4,600,000 and loan facility dated 21 January 2019 for the loan amount of £20,366,000, all of which were extended to 31 July 2024.

Interest expense for the current period was £440,005 (31 March 2023: £751,687; 30 September 2022: £311,596).

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

14. OTHER CREDITORS AND ACCRUALS

	(Unaudited) 30 September 2023 £	(Audited) 31 March 2023 £	(Unaudited) 30 September 2022 £
Amounts falling due within one year:			
Provision for Audit fees	11,319	17,150	17,150
Administration fees (Note 19)	28,125	9,375	9,375
Other creditors	5,569	14,050	5,699
Legal and professional fees	321,844	277,344	233,594
Deferred income	21,272	61,391	59,754
Loan	30,000	30,000	30,000
Cash floats held by Property Manager *	34,184	-	-
Interest on loan from LCP	2,133	960	13
Refurbishment 3 Spring Street	700,763	677,774	659,224
	<u>1,155,209</u>	<u>1,088,044</u>	<u>1,014,809</u>

15. SHARE CAPITAL

	(Unaudited) 30 September 2023 £	(Audited) 31 March 2023 £	(Unaudited) 30 September 2022 £
Authorised			
4,990,000 Ordinary Shares of £0.01 each	49,900	49,900	49,900
100 Founder Shares of £1 each	100	100	100
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Issued and fully paid			
68,301.05 Ordinary Shares of £0.01 each	683	683	683
2 Founder Shares of £1 each	2	2	2
	<u>685</u>	<u>685</u>	<u>685</u>

Founder Shares

Holders of Founder 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.

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 (as amended) 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.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

16. SHARE PREMIUM

	(Unaudited) 30 September 2023 £	(Audited) 31 March 2022 £	(Unaudited) 30 September 2022 £
68,301.05 Ordinary Shares issued at a premium of £99.99 each	6,829,422	6,829,422	6,829,422
Less: Introducers commission and share issue costs	(563,685)	(563,685)	(563,685)
As at the reporting date	<u>6,265,737</u>	<u>6,265,737</u>	<u>6,265,737</u>

17. LOSS PER SHARE

The calculation of earnings per share is based on the loss for the period of £489,212 (31 March 2023: £753,922 loss; 30 September 2022: £269,921 loss) divided by the weighted average number of Ordinary Shares in issue during the period of 68,301.05 (31 March 2023: 68,301.05; 30 September 2022: 68,301.05).

18. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £4,858,313 (31 March 2023: £5,347,525; 30 September 2022: £5,831,926) and on the Ordinary Shares in issue of 68,301.05 (31 March 2023: 68,301.05; 30 September 2022: 68,301.05) at the Statement of Financial Position date.

19. 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 an annual fixed fee of £37,500 per annum, with respect to administration services, along with an additional fee of £1,500 per property acquisition/disposal. The administrator will also charge an annual fixed fee of £1,000 per annum to act as Sponsor for The International Stock Exchange. A total of £18,750 (31 March 2023: £37,500; 30 September 2022: £18,750) has been included in these accounts in respect of fees charged in accordance with this Agreement and £28,125 (31 March 2023: £9,375; 30 September 2022: £9,375) was outstanding at the Interim 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 Chair of LCPCI and LCP. A brief summary of the relevant contracts are as follows. All fees are subject to UK VAT.

Performance fees

The Performance Benchmark Objective is 15% IRR (i.e. 15% per annum compound growth on the investors' initial subscription). This takes into account all up-front fees, establishment and purchase costs, but is net of disposal expenditure.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

19. RELATED PARTY TRANSACTIONS (continued)

Performance fees (continued)

In the event that the Performance Benchmark Objective is achieved at the end of the Investment Period, LCP will be awarded a performance fee up to a ceiling of 25% of the Company's profits, subject to the investors receiving a profit in the first instance equivalent to the Performance Benchmark Objective.

No provision has been made in these accounts, in respect of the performance fee as the Directors do not consider that the Performance Benchmark Objective will be achieved.

Property Search and Acquisition

LCP receives an acquisition fee of 2% of the price paid for each property acquired by the Company.

During the period no property acquisition fees were incurred, (31 March 2023: £nil; 30 September 2022 £nil).

Investment Advisors

LCPCI receive a fee of £12,500 per annum for the provision of investment advice and related services.

Property Refurbishment and Furnishing

LCP receives a fee of 10% of the refurbishment expenditure in respect of design specification and sourcing of contractor together and a fee of 15% of the furnishing and refurbishment expenditure for the project management of the works and interior design.

During the period property refurbishment and furnishing expenditure amounted to £22,989 (inclusive of VAT) (31 March 2023: £54,274; 30 September 2022: £35,725) with £700,763 (31 March 2023: £677,774; 30 September 2022: £659,224) outstanding at the Unaudited Interim Statement of Financial position date.

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. £47,281 (inclusive of VAT) (31 March 2023: £129,888; 30 September 2022: £61,862) has been included in these accounts in relation to these fees. LCP also receives annual fees in relation to ongoing running costs of the fund. During the period £37,500 (inclusive of VAT) (31 March 2022: £75,000; 30 September 2021: £37,500) was charged in relation to these fees with £280,469 (31 March 2023: £167,99; 30 September 2022: £205,469) outstanding at the Interim Statement of Financial position date. A more detailed summary of these contracts is included in the Company's Prospectus.

20. CONTROLLING PARTY

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

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

21. FINANCIAL RISK MANAGEMENT

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. The Company'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 Company at the reporting date:

	(Unaudited) 30 September 2023	(Audited) 31 March 2023	(Unaudited) 30 September 2022
	£	£	£
Cash and receivables			
Cash at bank	78,750	78,750	78,750
Debtors	26,515	79,552	37,384
	<u>105,265</u>	<u>158,302</u>	<u>116,134</u>
Financial liabilities at amortised cost			
Creditors and accruals	1,133,938	1,026,653	955,055
Loans payable	10,308,736	13,983,804	15,566,020
	<u>11,442,674</u>	<u>15,010,457</u>	<u>16,521,075</u>

(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. 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 Company is exposed to interest rate risk however it is not exposed to price risk as all of its investments are in non-financial assets. The Company's interest bearing financial assets and liabilities expose it to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Company's exposure to interest rate risks.

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

21. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

	Non-Interest Bearing	Variable Interest	Fixed Interest	Total
As at 30 September 2023				
Assets	£	£	£	£
Cash at bank	78,750	-	-	78,750
Debtors	26,515	-	-	26,515
Total financial assets	105,265	-	-	105,265
Liabilities				
Loan payable	-	10,308,736	-	10,308,736
Creditors and accruals	1,133,938	-	-	1,133,938
Total financial liabilities	1,133,938	10,308,736	-	11,442,674
As at 31 March 2023				
Assets	£	£	£	£
Cash at bank	78,750	-	-	78,750
Debtors	79,552	-	-	79,552
Total financial assets	158,302	-	-	158,302
Liabilities				
Loan payable	-	13,983,804	-	13,983,804
Other creditors and accruals	1,026,653	-	-	1,026,653
Total financial liabilities	1,026,653	13,983,804	-	15,010,457
As at 30 September 2022				
Assets	£	£	£	£
Cash at bank	78,750	-	-	78,750
Debtors	37,384	-	-	37,384
Total financial assets	116,134	-	-	116,134
Liabilities				
Loan payable	-	15,566,020	-	15,566,020
Other creditors and accruals	955,055	-	-	955,055
Total financial liabilities	955,055	15,566,020	-	16,521,075

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

21. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

Total interest expense on financial liabilities not at fair value through profit and loss.

	(Unaudited) 30 September 2023	(Audited) 31 March 2023	(Unaudited) 30 September 2022
	£	£	£
Loan interest paid	442,138	751,687	311,596
	<u>442,138</u>	<u>751,687</u>	<u>311,596</u>

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

For the Company, an increase in 100 basis points in interest rates, with all other variables remaining constant, would result in a loss of £102,300 (31 March 2023: loss of £139,051; 30 September 2022: loss of £154,873). A decrease in 100 basis points in interest rates, with all other variables remaining constant, would have an equal but opposite effect.

(b) Liquidity risk

The sensitivity analysis above is 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 interest rate and change in market values.

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

The Company'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 Company's contractual and other legal obligations.

As at 30 September 2023	Less than 3 month £	3 months to 1 year £	1 year to 5 years £
Loan payable	211,505	10,802,247	-
Creditors and accruals	1,133,938	-	-
Total	<u>1,345,443</u>	<u>10,802,247</u>	<u>-</u>

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

21. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

	Less than 3 month £	3 months to 1 year £	1 year to 5 years £
As at 31 March 2023			
Loan payable	291,460	14,663,877	-
Creditors and accruals	1,026,653	-	-
Total	1,318,113	14,663,877	-
	Less than 3 month £	3 months to 1 year £	1 year to 5 years £
As at 30 September 2022			
Loan payable	169,952	509,856	15,792,623
Creditors and accruals	955,055	-	-
Total	1,125,007	509,856	15,792,623

As at the Statement of Financial Position date, the Company had undrawn committed borrowings available of £5,259,264 (31 March 2023: £1,469,154; 30 September 2022: £1,980).

The Board of Directors manages the risk of breaches in debt covenants by regularly reviewing the level of debt 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 entered into with the Company. The carrying amounts of financial assets best represents the maximum credit risk exposure at the statement of financial position.

Principal counterparties are LCP as Property Manager and Butterfield Bank (Guernsey) Limited as Bankers. The financial position of LCP and the credit rating of Butterfield are considered by the Board annually or sooner in the event of any cause for concern.

Butterfield Bank (Guernsey) Limited is a reputable financial institution and has a short-term credit rating of A-1 according to S&P.

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

	(Unaudited) 30 September 2023 £	(Audited) 31 March 2023 £	(Unaudited) 30 September 2022 £
Cash and cash equivalents	78,750	78,750	78,750
Rent receivable from Property Manager (Note 12)	14,015	21,306	10,785
Cash floats held by Property Manager (Note 12) (Note 12)	-	42,556	10,909
Service charge deposits (Note 12)	12,500	15,690	15,690
Total	105,265	158,302	116,134

THE LONDON CENTRAL RESIDENTIAL RECOVERY FUND LIMITED

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (continued)

SIX MONTHS ENDED 30 SEPTEMBER 2023

22. 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 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

23. SUBSEQUENT EVENTS

Property Sales

The Company completed the sales of 11 Moorhouse on 31 August 2023 with a sales price of £750,000, Ground Floor Flat, 42 Stratford Road on 6 October 2023 for £665,000, 19 The Westbourne on 30 November 2023 for £910,000 and 3 Spring Street on 22 December 2023 for £4,600,000. Third Floor Flat, 42 Stratford Road is currently under offer.

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