

**THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED  
TRADING AS LONDON CENTRAL APARTMENTS III  
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2024**

**THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

<b>CONTENTS</b>	<b>Page</b>
Directory	2
Report of the Directors	3 - 5
Independent Auditor's Report	6 - 9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14 - 28

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## DIRECTORY

### Registered Office

Plaza House  
Third Floor, Elizabeth Avenue  
St Peter Port  
Guernsey, GY1 2HU

### Independent Auditor

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

### Asset Advisor

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

### Administrator, Secretary, Registrar

CSC Fund Services (Guernsey) Limited  
(Formerly Intertrust Fund Services (Guernsey) Limited)  
Plaza House, Third Floor  
Elizabeth Avenue  
St Peter Port  
Guernsey, GY1 2HU

### Finance Provider

Al Rayan Bank PLC  
4 Stratford Place  
London  
W1C 1AT

### Banker in Guernsey

Butterfield Bank (Guernsey) Limited  
PO Box 25  
Regency Court  
Glategny Esplanade  
St Peter Port  
Guernsey, GY1 3AP

### Legal Advisor to the Fund in Guernsey

Carey Olsen  
Carey House  
Les Banques, St Peter Port  
Guernsey, GY1 4BZ

### Property Lawyers

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

Lawrence Stephens Limited  
50 Farringdon Road  
London, EC1M 3HE

### Banks' Valuers

Belleveue Mortlakes  
4 Crossfield Chambers  
Gladbeck Way  
Enfield  
EN2 7HT

Strutt & Parker  
140 Fulham Road  
London  
SW10 9PY

### Investment Advisor

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## REPORT OF THE DIRECTORS

The Directors present their annual report and consolidated financial statements of The London Central Portfolio Property Fund Limited (the "Company") and its subsidiaries (the "Group"/ the "Fund") for the year ended 31 March 2024.

### Status and activities

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 Authorised Closed-Ended Investment Scheme Rules and Guidance, 2021.

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

### Going concern

The Directors have prepared the consolidated financial statements on the going concern basis in view of the Group's positive net assets and having access to a financing facility with its finance provider, (note 14). The facility is secured by the Group's investment properties. The Directors believe that demand for repayment of the finance is not expected to occur before its expiration date or if repayment is demanded, the Group would be able to refinance accordingly.

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

The original Investment Period of five years from the Investment Date of 31 July 2015 was extended by the Shareholders at both the December 2019 and the December 2020 Annual General Meetings. The Shareholders voted in favour of the Ordinary Resolutions to extend the Investment Period. The extension to 31 July 2022 represented the final extension available to the Shareholders under the Investment Memorandum (the "IM"), which details that the Fund's portfolio will be sold following that date. The Directors of the Fund instructed London Central Portfolio Limited ("LCP") and LCP Capital Investments Limited ("LCPCI") to organise an orderly disposal of the Fund's portfolio which commenced on 1 August 2022. Under the terms of the IM, the Directors are obliged at the first annual general meeting ("AGM") after the end of the Investment Period to propose an ordinary resolution that the Fund should be voluntarily liquidated. In the AGM held on 7 September 2022, the shareholders voted against the resolution to appoint liquidators and therefore the Directors' current strategy of undertaking an orderly sell-down of assets as quickly as commercially viable would continue. There is no requirement to put forward a resolution each year to voluntarily liquidate the Fund.

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.

In assessing the going concern assumption, the Directors are satisfied that the Group has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these consolidated financial statements. The Directors believe that it is appropriate to prepare the consolidated financial statements on a going concern basis.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## REPORT OF THE DIRECTORS (continued)

### Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and 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 Generally Accepted Accounting Practice 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 consolidated financial statements the Directors are required to:

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

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the consolidated 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, 2020. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Results and dividends

The results for the year are shown in the Consolidated Statement of Comprehensive Income on page 10.

The Group did not pay a dividend and the Directors did not recommend a dividend for the year.

### Directors and their interests

The Directors who served on the Board during the year ended 31 March 2024 and to date are:

Martin Shires

Naomi Claire Helen Heaton

Philip Mudie Bodman

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

	31 March 2024	31 March 2023
	Ordinary shares	Ordinary shares
Philip Mudie Bodman	nil	nil
Naomi Claire Helen Heaton	342,986	342,986
Martin Shires	52,500	52,500

### Directors' remuneration

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

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Peter Francis Griffin	nil	11,458
Naomi Claire Helen Heaton	nil	nil
Martin Shires	12,500	12,500
Philip Mudie Bodman	12,500	1,042

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## REPORT OF THE DIRECTORS (continued)

### Statement of Directors' responsibilities (continued)

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

Naomi Heaton is the Chair of LCP and LCPCI. LCP is 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. LCPCI is engaged by the Group as Investment Advisors pursuant to an agreement concerning provision of investment advice.

At 31 March 2024, the issued share capital of the Company was 13,678,706 (2023: 13,678,706) ordinary shares of £0.01 each. At 31 March 2024, the following shareholders had an interest of 3% or more in the issued Ordinary Shares of the Group.

	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 21 to the consolidated financial statements.

### Independent Auditor

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

## APPROVED BY THE BOARD OF DIRECTORS

Martin Shires

Martin Shires, Director

Date: 17 September 2024

## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of The London Central Portfolio Property Fund Limited**

#### **Opinion**

We have audited the consolidated financial statements of The London Central Portfolio Property Fund Limited (the "Company") and its subsidiary (the "Group") for the year ended 31 March 2024, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and Notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanied consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 March 2024, and of its financial performance and its cashflows for the year then ended;
- 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
- comply with the Companies (Guernsey) Law, 2008

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material uncertainty related to going concern**

We draw attention to note 4 in the consolidated financial statements which states that there is a material uncertainty as to how shareholders will vote at the next Annual General Meeting, including the uncertainty on the result of how the shareholders want the divestment process to be conducted which casts significant doubt over the ability of the Group to continue as a going concern. The consolidated financial statements do not include adjustments that would result if the Group was unable to continue as a going concern.

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

1. The audit engagement leader increased time spent directing and supervising the audit procedures on going concern;
2. We assessed the determination, made by the Board of Directors of the Group, that the Group is a going concern and the appropriateness of the consolidated financial statements to be prepared on a going concern basis;
3. We assessed the disclosures in the consolidated financial statements relating to going concern, including the material uncertainty, to ensure that they were fair, balanced and understandable and in compliance with FRS 102;
4. We obtained verbal and written representations from management and those charged with governance detailing the basis of their decision to continue adopting the going concern assumption;
5. We challenged the appropriateness of management's assessment of the likely outcome of the vote by obtaining copies of correspondence with key shareholders; and
6. We reviewed the cash flow forecast and liquidity position of the Group and checked the repayment terms of outstanding loans as at year end. We noted that the loan is due to expire 31 July 2025 and held discussions with management regarding the status of the loan financing. Management confirmed they believe that demand for repayment of the finance is not expected to occur before its expiration date or if repayment is demanded, the Group would be able to refinance accordingly. Management's view are supported by historical support from the bank.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
<p><b>Valuation of investment properties at £20.23m at 31 March 2024 (31 March 2023 £27.02m)</b></p> <p>The Group's accounting policy and other disclosures on investment properties are included in notes 5, 6 and 11 to the consolidated financial statements.</p> <p>As at 31 March 2024 investment properties made up 98% (2023: 97%) of the Group's gross asset value.</p> <p>The Group's investment property portfolio comprises of prime residential properties in central London.</p> <p>The Group holds its investment properties at fair value. The valuation process is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income for that particular property.</p> <p>The valuation for the Group's property portfolio was carried out by Third Party valuers in 2022. The valuers were engaged by the Group's bank in 2022 as a requirement for the Group's finance facility which is secured by the Group's investment properties. The valuers determined the fair value of the properties in accordance with the Royal Institute of Chartered Surveyors Professional Standards (the "Red Book").</p> <p>No external valuation was carried out in the current year as management do not consider that there have been any significant changes in factors affecting valuations since the 2022 and that expenditure on Shareholder funds on external valuations would not be accretive at this point. Management have used information from independent market data source, realised sales and under offer sales in the current year in its review of fair value change of the Group's investment properties as at year-end.</p> <p>The valuation of the investment properties is therefore an area of significant judgement and a risk that requires special audit attention.</p>	<ul style="list-style-type: none"> <li>- We updated our understanding of the processes, policies and methodologies, and controls in relation to the valuation and measurement of properties and performed walkthrough tests to assess the design and implementation of key controls;</li> </ul> <p>We held discussions with management in order to obtain understanding on the valuation method the Group applies to the value of the investment properties and assessed whether it is based on the acceptable valuation framework;</p> <ul style="list-style-type: none"> <li>- We obtained and reviewed the valuation paper prepared by London Central Portfolio Limited as approved by the Board detailing the background and adopted methodology for the year being audited;</li> </ul> <p>We assessed the reliability of the assumptions and inputs used in the valuation paper including independently checking the data used; and</p> <ul style="list-style-type: none"> <li>- We reviewed the supporting documentation of the completed sales and properties which are under offer of the Group.</li> </ul> <p><b>Our result</b></p> <p>We have not identified any matters to report to those charged with governance in relation to the fair value measurement of investment properties.</p>



## **Other information in the Annual Report**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

## **Responsibilities of the directors for the consolidated financial statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

### **Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael Carpenter.

### **Use of our report**

This report is made solely to the Group's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Matters on which we are required to report by exception**

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

- proper accounting records have not been kept by the Group; or
- the Group's consolidated financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton Limited

#### **Grant Thornton Limited**

Chartered Accountants  
St Peter Port  
Guernsey

Date: 17 September 2023

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Note	31 March 2024 £	31 March 2023 £
<b>REVENUE</b>			
Rental income		669,671	1,041,851
Sundry income		1,834	2,293
		<hr/>	<hr/>
Gross profit		671,505	1,044,144
<b>EXPENSES</b>			
Property expenses	9	393,032	481,412
Administrative expenses	10	407,702	513,644
		<hr/>	<hr/>
		800,734	995,056
		<hr/>	<hr/>
<b>OPERATING (LOSS)/PROFIT</b>		(129,229)	49,088
Loss on disposal of investment properties		(101,041)	(90,124)
Cost of finance	14	(1,022,410)	(927,911)
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		(1,252,680)	(968,947)
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the parent		(1,252,680)	(968,947)
		<hr/>	<hr/>
Loss per share (pounds per share)	17	(0.092)	(0.071)

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

The results are all derived from continuing operations.

The notes on pages 14 to 28 form an integral part of these consolidated financial statements.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	31 March 2024		31 March 2023	
		£	£	£	£
<b>FIXED ASSETS</b>					
Investment properties	11		20,230,921		27,015,144
			<u>20,230,921</u>		<u>27,015,144</u>
<b>CURRENT ASSETS</b>					
Debtors	13	100,589		131,316	
Cash and cash equivalents		<u>325,352</u>		<u>624,372</u>	
		425,941		755,688	
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
Other creditors and accruals	15	<u>521,236</u>		<u>478,301</u>	
		521,236		478,301	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(95,295)</u>		<u>277,387</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			20,135,626		27,292,531
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
Finance payable	14		<u>9,886,337</u>		<u>15,790,562</u>
<b>NET ASSETS</b>			<u>10,249,289</u>		<u>11,501,969</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	16		136,787		136,787
Share premium			20,591,263		20,591,263
Accumulated loss			<u>(10,478,761)</u>		<u>(9,226,081)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>10,249,289</u>		<u>11,501,969</u>
Net asset value per share (pounds per share)	18		0.75		0.84

The consolidated financial statements on pages 10 to 28 were approved and authorised for issue by the Board on the 17 September 2024 and signed on its behalf by:

Martin Shires

Martin Shires, Director

The notes on pages 14 to 28 form an integral part of these consolidated financial statements.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Share Capital £	Share Premium £	Accumulated Loss £	Total £
<b>Balance as at 1 April 2022</b>	136,787	20,591,263	(8,257,134)	12,470,916
Loss for the year	-	-	(968,947)	(968,947)
<b>Balance as at 31 March 2023</b>	136,787	20,591,263	(9,226,081)	11,501,969
Loss for the year	-	-	(1,252,680)	(1,252,680)
<b>Balance as at 31 March 2024</b>	136,787	20,591,263	(10,478,761)	10,249,289

The notes on pages 14 to 28 form an integral part of these consolidated financial statements.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	Note	Year ended 31 March 2024 £	Year ended 31 March 2023 £
<b>Cash flows from operating activities</b>			
Operating (loss)/profit for the year		(129,229)	49,088
Add back depreciation	12	-	1,771
Decrease in debtors		30,727	7,586
Increase in other creditors and accruals		42,935	67,484
Cost of finance	14	(1,022,410)	(927,911)
<b>Net cash used in operating activities</b>		(1,077,977)	(801,982)
<b>Cash flows from investing activities</b>			
Sale of investment properties		6,684,382	3,419,876
Refurbishment of investment properties	11	(1,200)	(15,144)
<b>Net cash generated from investing activities</b>		6,683,182	3,404,732
<b>Cash flows from financing activities</b>			
Finance repaid		(5,904,225)	(3,392,549)
<b>Net cash used in financing activities</b>		(5,904,225)	(3,392,549)
<b>Net cash outflow for the year</b>		(299,020)	(789,799)
Cash and cash equivalents at beginning of year		624,372	1,414,171
<b>Cash and cash equivalents at end of year</b>		<u>325,352</u>	<u>624,372</u>

The notes on pages 14 to 28 form an integral part of these consolidated financial statements.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 1. COMPANY INFORMATION

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

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

### 2. STATEMENT OF COMPLIANCE

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

### 3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with FRS 102, The Companies (Guernsey) Law, 2008 and with The Protection of Investors (Bailiwick of Guernsey) Law, 2020. The consolidated financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for investment properties as specified in the accounting policies below.

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

The Group's financial statements consolidate the financial statements of The 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 positive net assets and having access to a financing facility with its finance providers, (note 14). The facility is secured by the Group's investment properties. The Directors believe that demand for repayment of the finance is not expected to occur before its expiration date or if repayment is demanded, the Group would be able to refinance accordingly.

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

The original Investment Period of five years from the Investment Date of 31 July 2015 was extended by the Shareholders at both the December 2019 and the December 2020 Annual General Meetings. The Shareholders voted in favour of the Ordinary Resolutions to extend the Investment Period. The extension to 31 July 2022 represented the final extension available to the Shareholders under the Investment Memorandum (the "IM"), which details that the Fund's portfolio will be sold following that date. The Directors of the Fund instructed London Central Portfolio Limited ('LCP') and LCP Capital Investments Limited ('LCPCI') to organise an orderly disposal of the Fund's portfolio which commenced on 1 August 2022. Under the terms of the IM, the Directors are obliged at the first annual general meeting ("AGM") after the end of the Investment Period to propose an ordinary resolution that the Fund should be voluntarily liquidated. In the AGM held on 7 September 2022, the shareholders voted against the resolution to appoint liquidators and therefore the Directors' current strategy of undertaking an orderly sell-down of assets as quickly as commercially viable would continue. There is no requirement to put forward a resolution each year to voluntarily liquidate the Fund.

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.

In assessing the going concern assumption, the Directors are satisfied that the Group has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these consolidated financial statements. The Directors believe that it is appropriate to prepare the consolidated financial statements on a going concern basis.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 5. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

#### **Fair value of investment properties**

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

The Directors have relied on the valuations prepared by Bellevue Mortlakes and Strutt & Parker carried out in 2022 ("the valuers") for Al Rayan which provide the market value (note 11). The Directors do not consider that there have been any significant changes in factors affecting valuations since 2022 and have therefore relied on the valuations carried out by Bellevue Mortlakes and Strutt & Parker 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.

The value stated is on the basis of vacant possession. It has been assumed that in the majority of cases, vacant possession could be obtained within six months if required and that would depend upon the terms of the tenancies as they are renewed from time to time.

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 Bellevue Mortlakes, Strutt & Parker and in others, the opinions and evidence of local estate agents have been obtained.

### 6. ACCOUNTING POLICIES

**6 (a)** For the accounting periods presented in these consolidated 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.



# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 6. ACCOUNTING POLICIES (continued)

#### 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.

Subsequent to initial recognition, investment property is stated at fair value.

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 with changes in fair value recognised in profit and loss.

#### 6 (c) FURNITURE AND FITTINGS

Initial recognition:

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

Measurement after initial recognition:

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

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

Derecognition of furniture and fittings:

The Group derecognises furniture and fittings:

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

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

#### 6 (d) OPERATING LEASE

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 6. ACCOUNTING POLICIES (continued)

#### 6 (e) RENTAL INCOME

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

#### 6 (f) FINANCIAL INSTRUMENTS

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

##### Financial assets

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

##### Debtors

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. These are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these consolidated financial statements is not considered to be material.

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

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

##### De-recognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risk and rewards of ownership; or
- when it has transferred nor retained substantially all the risk and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 6. ACCOUNTING POLICIES (continued)

#### 6 (f) FINANCIAL INSTRUMENTS (continued)

##### 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.

##### De-recognition of financial liabilities

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

##### Share capital

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

##### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period. As a Sharia compliant fund, the Group does not receive or pay interest, however in accordance with FRS 102, 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.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 7 (b) INVESTMENT IN SUBSIDIARIES

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

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

### 8. TAXATION

#### Guernsey Tax

The Company has elected to pay an annual exempt company fee in Guernsey which was £1,200 per year and from 2024 has increased to £1,600 per year.

#### UK Tax on rental income

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

#### Annual Tax on Enveloped Dwellings

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.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 8. TAXATION (continued)

#### 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 Group. Investors should seek their own tax advice when considering their domicile position and exposure to IHT.

### 9. PROPERTY EXPENSES

	31 March 2024	31 March 2023
	£	£
Rates and insurance	17,098	32,756
Repairs and maintenance	147,646	122,663
Property management fees (note 19)	120,844	192,261
Depreciation on furniture and fittings (note 12)	-	1,771
Cleaning and service charges	107,444	131,961
	<u>393,032</u>	<u>481,412</u>

### 10. ADMINISTRATIVE EXPENSES

	31 March 2024	31 March 2023
	£	£
Advisory fees (note 19)	232,435	310,331
Insurance	16,613	11,209
Sundry expenses	733	590
Bank charges	491	217
Administration fees (note 19)	47,500	47,500
Tax services	8,350	10,500
Directors fees	25,000	25,000
Audit fees	28,730	20,550
Legal and professional fees	42,072	82,234
Listing fees	2,665	2,500
Annual registration fees	1,913	1,813
Exempt tax fees (note 8)	1,200	1,200
	<u>407,702</u>	<u>513,644</u>

### 11. INVESTMENT PROPERTIES

	Leasehold investment properties	Freehold investment properties	Total
	£	£	£
Valuation as at 1 April 2023	12,305,378	14,709,766	27,015,144
Sale of properties	(2,150,423)	(4,635,000)	(6,785,423)
Additions/Licence costs	-	1,200	1,200
Valuation as at 31 March 2024	<u>10,154,955</u>	<u>10,075,966</u>	<u>20,230,921</u>

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 11. INVESTMENT PROPERTIES (continued)

	Leasehold investment properties £	Freehold investment properties £	Total £
Valuation as at 1 April 2022	20,540,000	9,970,000	30,510,000
Sale of properties	(2,685,000)	(825,000)	(3,510,000)
Restatement of freehold/leasehold	(5,564,766)	5,564,766	-
Additions/Licence costs	15,144	-	15,144
Valuation as at 31 March 2023	<u>12,305,378</u>	<u>14,709,766</u>	<u>27,015,144</u>

At 31 March 2024 there was a legal charge registered over the Group's investment properties as security for the Group's bank finance (see note 14). The portfolio has not been revalued for the purposes of these consolidated financial statements as there have been no dramatic changes in market conditions since the 31 March 2022 year end to suggest that the valuations adopted at that time have materially changed (see note 5). Leasehold investment properties comprise 14 leasehold properties, all with remaining terms in excess of 20 years. The 15 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 £20,974,454 (2023: £27,758,677).

The valuers have carried out their valuation based on usual research and enquiries and had discussions with leading local agents and analysed the existing market commentaries and data in determining their opinion as to the applicable market value of the properties. Information has also been sourced from their internal records. Secondary evidence has also been drawn from properties which have been sold or are on the market and have not yet legally exchanged contracts. In arriving at their opinion they have taken into account the location, size, specification and condition of the properties and have had to make adjustments to account for fluctuations within the market and other material factors.

### 12. FURNITURE AND FITTINGS

	31 March 2024 £	31 March 2023 £
<b>COST</b>		
Brought forward	<u>380,958</u>	<u>380,958</u>
Carried forward	380,958	380,958
<b>ACCUMULATED DEPRECIATION</b>		
Brought forward	(380,958)	(379,187)
Charge for the year	-	(1,771)
Carried forward	<u>(380,958)</u>	<u>(380,958)</u>
<b>NET BOOK VALUE</b>	<u>-</u>	<u>-</u>

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

13. DEBTORS	31 March 2024	31 March 2023
	£	£
Cash held by Asset Advisor <sup>(1)</sup>	43,692	77,520
Prepayments	16,724	11,340
Amounts receivable from Asset Advisor	40,171	42,454
Unpaid share capital	2	2
	<u>100,589</u>	<u>131,316</u>

<sup>(1)</sup> 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 31 March 2024, tenant rent deposits amounting to £91,112 (31 March 2023: £103,548). 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 2023: nil).

14. FINANCE PAYABLE	31 March 2024	31 March 2023
	£	£
Al Rayan Bank	9,904,084	15,797,784
Unamortised finance cost	(17,747)	(7,222)
	<u>9,886,337</u>	<u>15,790,562</u>

Al Rayan granted a finance facility of £18,000,000 split between initial finance of £11,500,000 and additional finance of £6,500,000 effective from 29 July 2015. The initial finance of £11,500,000 was secured by 27 residential properties. A further £6,500,000 has been drawn down in respect of the purchase of 13 properties, 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. £1,212,000 was drawn down on 23 July 2021.

On 17 July 2023, the facility was extended for a further 12 months to 31 July 2024.

On 31 July 2024, the facility was extended for a further 12 months to 31 July 2025.

In respect of the finance facility, profit payments are currently payable at 2.85% above the Bank of England Base Rate. A further £53,240 (31 March 2023: £65,000) arrangement was paid in respect of the new facility and is being amortised over the duration of the facility. Finance expense for the current year was £1,022,410 (2023: £927,911).

15. OTHER CREDITORS AND ACCRUALS	31 March 2024	31 March 2023
	£	£
Advisory fees (note 19)	380,098	310,331
Deferred income	65,829	102,508
Audit fee	25,320	19,615
Administration fees (note 19)	11,875	11,875
Property expenses	18,088	14,772
Other creditors	20,026	19,200
	<u>521,236</u>	<u>478,301</u>

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 16. SHARE CAPITAL

	31 March 2024 £	31 March 2023 £
Authorised 100,000,000 ordinary shares of £0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted and fully paid 13,678,706 ordinary shares of £0.01 each	<u>136,787</u>	<u>136,787</u>
	<b>31 March 2024</b>	<b>31 March 2023</b>
Ordinary shares		
At the beginning of the year	13,678,706	13,678,706
Share issue	-	-
At the end of the year	<u>13,678,706</u>	<u>13,678,706</u>

#### Rights and obligations

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

### 16.1 RESERVES

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

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

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

### 17. LOSS PER SHARE

The calculation of loss per share is based on the loss for the year of £1,252,680 (2023: loss of £968,947) divided by the weighted average number of ordinary shares in issue during the year of 13,678,706 (2023: 13,678,706).

### 18. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £10,249,289 (2023: £11,501,969) and on the ordinary shares in issue of 13,678,706 (2023: 13,678,706) at the consolidated statement of financial position date.



# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 19. RELATED PARTY TRANSACTIONS

#### **Administrator**

CSC Fund Services (Guernsey) Limited is engaged by the Company as administrator pursuant to an Administration Agreement. The Agreement provides that CSC Fund Services (Guernsey) Limited will receive an annual fixed fee of £47,500 per annum plus fees for any additional work performed, with respect to administration services. A total of £47,500 (2023: £47,500) has been included in these accounts in respect of the fees charged in accordance with this Agreement and £11,875 (2023: £11,875) was outstanding at the Consolidated Statement of Financial Position date.

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

#### **Asset Advisors**

LCPCI receives Advisory Fees equal to 1% of the portfolio value, plus 1% of any further capital expenditure (property purchase price plus refurbishment monies), paid quarterly in arrears in respect of their duties to the Shareholders of the Company. During the year, £232,435 for Advisory Fees was charged (2023: £310,331) and £380,098 (2023: £310,331) 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 consolidated financial statements in respect of performance fees which may be payable in the future. We don't expect any amount to be payable in respect of performance fees.

LCP receives Acquisition Fees of 2% plus VAT of the price paid for each property acquired by the Company. During the year, £nil (2023: £nil) for Acquisition Fees was charged.

#### **Property Acquisition, Refurbishment and Furnishing**

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

During the year property acquisition, refurbishment and furnishing expenditure amounted to £1,200 (inclusive of VAT) (2023: £15,144) with nil (2023: £nil) outstanding at the year end.

#### **Property Management**

LCP receives a fee of 15% of gross rent received for each property. LCP also receives sundry additional fees for administration services on a 10% of cost basis and £120,844 (inclusive of VAT) (2023: £192,261) has been included in these accounts in relation to these fees. As at the consolidated statement of financial position date £7,427 (2023: £6,032) was payable. A more detailed summary of these contracts is included in the Company's Prospectus.

### 20. CONTROLLING PARTY

The issued share capital of the Group is owned by numerous parties and, therefore, to the best knowledge of the Directors, there is no ultimate controlling party of the Group as defined by FRS 102.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 21. FINANCIAL RISK MANAGEMENT

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

#### Categories of financial instruments and fair values

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

	31 March 2024	31 March 2023
	Carrying Amount	Carrying Amount
	£	£
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	325,352	624,372
Debtors (excluding prepayments)	83,865	119,976
	<u>409,217</u>	<u>744,348</u>
<b>Financial liabilities at amortised cost</b>		
Other creditors and accruals (excluding deferred income)	455,407	375,793
Finance payable	9,886,337	15,790,562
	<u>10,341,744</u>	<u>16,166,355</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 Group'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 Group operates in the UK and its investments are denominated in pounds sterling therefore the Directors are satisfied that the Group's exposure to foreign exchange risk is relatively low.

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

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

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

As at 31 March 2024	Not subject to finance receivable/ payable £	Variable finance receivable/ payable £	Fixed finance receivable/ payable £	Total £
<b>Assets</b>				
Cash and cash equivalents	325,352	-	-	325,352
Debtors (excluding prepayments)	83,865	-	-	83,865
<b>Total financial assets</b>	<b>409,217</b>	<b>-</b>	<b>-</b>	<b>409,217</b>
<b>Liabilities</b>				
Finance payable	-	9,886,337	-	9,886,337
Other creditors and accruals (excluding deferred income)	455,407	-	-	455,407
<b>Total financial liabilities</b>	<b>455,407</b>	<b>9,886,337</b>	<b>-</b>	<b>10,341,744</b>

As at 31 March 2023	Not subject to finance receivable/ payable £	Variable finance receivable/ payable £	Fixed finance receivable/ payable £	Total £
<b>Assets</b>				
Cash and cash equivalents	624,372	-	-	624,372
Debtors (excluding prepayments)	119,976	-	-	119,976
<b>Total financial assets</b>	<b>744,348</b>	<b>-</b>	<b>-</b>	<b>744,348</b>
<b>Liabilities</b>				
Finance payable	-	15,790,562	-	15,790,562
Other creditors and accruals (excluding deferred income)	375,793	-	-	375,793
<b>Total financial liabilities</b>	<b>375,793</b>	<b>15,790,562</b>	<b>-</b>	<b>16,166,355</b>

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

	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Finance cost <sup>(1)</sup>	(1,022,410)	(927,911)
	<u>(1,022,410)</u>	<u>(927,911)</u>

<sup>(1)</sup> The above finance cost arises on financial liabilities measured at amortised cost using the effective interest rate method.

# THE LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

For the Group, an increase in 100 basis points in finance costs, with all other variables remaining constant, would result in a loss of £95,610 (2023: loss of £151,622). A decrease in 100 basis points in finance costs, with all other variables remaining constant, would have an equal but opposite effect.

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

#### (b) Liquidity risk

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

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

- (a) agree the terms of payment with those suppliers when negotiating the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with the Group's contractual and other legal obligations.

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

<b>As at 31 March 2024</b>	<b>Less than 3 month £</b>	<b>3 months to 1 year £</b>	<b>2 years to 5 years £</b>
Finance payable	200,558	601,673	10,153,747
Other creditors and accruals	455,407	-	-
<b>Total</b>	<b>655,965</b>	<b>601,673</b>	<b>10,153,747</b>

  

<b>As at 31 March 2023</b>	<b>Less than 3 month £</b>	<b>3 months to 1 year £</b>	<b>2 years to 5 years £</b>
Finance payable	291,460	874,379	16,179,175
Other creditors and accruals	375,793	-	-
<b>Total</b>	<b>667,253</b>	<b>874,379</b>	<b>16,179,175</b>

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 Advisor 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 LONDON CENTRAL PORTFOLIO PROPERTY FUND LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2024

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Credit risk (continued)

The Asset Advisor holds in escrow as at 31 March 2024, tenant rent deposits amounting to £91,112 (2023: £103,548). These deposits are held as security for the tenants' performance under the tenancy agreements and have not been included in these consolidated 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 year (2023: nil).

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 14.

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

	31 March 2024	31 March 2023
	£	£
Cash and cash equivalents	325,352	624,372
Amounts receivable from Asset Advisor (note 13)	40,171	42,454
Cash held by Asset Advisor (note 13)	43,692	77,520
Service charge deposits (note 13)	14,137	28,091
<b>Total</b>	<b>423,352</b>	<b>772,437</b>

### 22. 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.

### 23. REVENUE AND OPERATING PROFIT

Operating lease commitments

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

	31 March 2024	31 March 2023
	£	£
Within one year	293,547	473,553
From one year to three years	23,315	25,382

### 24. SUBSEQUENT EVENTS

The Group completed on the sales of Flat G3 Sloane Avenue Mansions on 10 May 2024 with a sales price of £500,000, Flat 3, 69 Alderney Street on 13 May 2024 with a sales price of £1,125,000, Flat 7, 32-34 Sussex Street on 30 May 2024 with a sales price of £600,000 and Flat 13, 84 Westbourne Terrace on 13 June 2024 with a sales price of £568,500. Flat 30, 25 Cheyne Place is due to exchange in September 2024.

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