

## **Annual Financial Report**

Ballarat Property Plc announces its Annual Financial Report for the year ended 31 March 2017. The full announcement is attached.  
The directors take responsibility for this announcement.

Attachment:

1. **2017 Annual Financial Report**

**Non Regulated**

Publication Date: 01/08/2017

Company Registration No. 09465030 (England and Wales)

**BALLARAT PROPERTY Plc**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2017**

---

**COMPANY INFORMATION**

<b>Directors</b>	Mark Felton David Anderson Martin Myers
<b>Secretary</b>	International Registrars Limited Finsgate 5-7 Cranwood Street London United Kingdom EC1V 9EE
<b>Company number</b>	09465030
<b>Registered office</b>	13 David Mews London England W1U 6EQ
<b>Auditors</b>	Jeffreys Henry LLP Finsgate, 5-7 Cranwood Street London EC1V 9EE
<b>Bankers</b>	Metro Bank PLC One Southampton Row London WC1B 5HA

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### CONTENTS

Chairman's statement	1
Strategic report	2
Directors' report	3
Corporate governance statement	5
Independent auditors' report	6
Statement of comprehensive income	8
Statement of financial position	9
Statement of cash flows	10
Statement of changes in equity	11
Notes to the financial statements	12

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### CHAIRMAN'S STATEMENT

I am pleased to present the results of Ballarat Property Plc ("Company") for the year ending 31 March 2017.

During the year, the Company has successfully issued £97,500 of fixed term bonds on the Cyprus Stock Exchange resulting in total bonds issued of £1,705,290.

The Company's loan to Affinity Developments Plc increased to £1,422,005 during the period ending 31 March 2017. Affinity Developments Plc is a related party by virtue of common directorship of Michael Horsford.

We continue to work towards our business plan and expect the returns in this area to remain strong in the future to support the coupon payable on the bonds.



**Martin Myers**

Director

31<sup>st</sup> July 2017

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### STRATEGIC REPORT

#### Principal activities and fair review of the business

During the year, the Directors resolved to continue the Company's strategy to focus on providing loans secured against UK property, the funding of which would principally be by way of issuance of bonds. In following this policy, the Company has made one short term loan to date which accrues interest at a rate of 9%.

The Company has made a loss of £44,735 for the year. Expenses that were incurred during the year mainly related to the professional fees and administration costs associated with the bonds listed on the Emerging Companies Market of the Cyprus Stock Exchange.

#### Principal risks and uncertainties

The Company is still at an early stage of income generations. The Company's risks and uncertainties are discussed in note 4.

#### Key performance indicators

The performance indicators relate to revenue, cash and investments.

	2017	2016
Loss for the period	(44,735)	(114,712)
Cash and cash equivalents	136	250,000
Investments	1,422,005	1,208,854

The reasons behind the loss for the period are discussed above. The directors actively review the monthly management accounts to monitor the performance of the company.

Currently, the company does not use any non-financial key performance indicators.

#### Dependence on key personnel

Whilst the Company has entered into contractual arrangements with the aim of securing the services of its Directors, the retention of their services cannot be guaranteed.

#### Future developments

The Company continues to investigate opportunities in its core market being to provide other business support services not elsewhere classified.

We shall continue to keep the bondholders aware of the developments on the Company website and through regular market announcements.

On behalf of the board



**Martin Myers**  
Director

31 July 2017

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 March 2017.

#### Principal activities

The principal activity of the Company is to provide loans to real estate companies secured against UK property. Please refer to the Strategic Report for further details.

#### Results and dividends

The results for the period are set out on page 8.

#### Future developments

These are detailed in the Strategic Report above.

#### Directors

The following Directors have held office during the period:

David Anderson (appointed 20 May 2016)

Michael Horsford (resigned 20 May 2016)

Martin Myers (appointed 8 March 2016)

Mark Felton (appointed 20 May 2016)

#### Directors' interest

At the date of this report, Osprey Real Estate Limited, wholly owned by Mark Felton held 50,000 shares (2016-50,000 shares) in the equity share capital of the Company.

#### Substantial interests

As at 31 March 2017 the following investors had an interest of 3% or more in the ordinary share capital of the Company:

	Ordinary shares number	Percentage
Osprey Real Estate Ltd	50,000	100%

#### Creditor payment policy

The Company's policy is to pay creditors within the agreed terms which are generally no more than 30 days.

#### Financial risk and management of capital

The principal risks to which the Company is exposed and the controls in place to minimise those risks are disclosed in Note 4. The principal current assets of the business are its investments and cash. The principal financial instruments employed by the Company are cash or cash equivalents and its bonds, and the Directors ensure that the business maintains surplus cash reserves to minimise liquidity risk.

A description of how the Company manages its capital is also disclosed in Note 4.

The Board considers and reviews these risks on a strategic and day-to-day basis in order to minimise any potential exposure.

#### Financial instruments

During the period, the Company has issued £97,500 fixed term bonds with a maturity date of 31 December 2025. The bonds have a coupon rate of 5.5% per annum, with coupons payable annually at 31 December.

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### DIRECTORS' REPORT (CONTINUED)

#### Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Jeffreys Henry LLP be re-appointed as auditors will be put to a General Meeting.

#### Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the Company's financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Company's financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

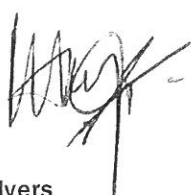
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of disclosure to auditors

Each person who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



**Martin Myers**  
Director

31 July 2017



# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### CORPORATE GOVERNANCE STATEMENT

The board has sought to comply with a number of the provisions of the UK Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 ("the Code") in so far as it considers them to be appropriate to a Company of their size and nature. They make no statement of compliance with the Code overall and do not 'explain' in detail any aspect of the Code with which they do not comply.

#### Internal controls

The board is responsible for maintaining a robust system of internal controls to safeguard shareholders and bondholders' investment and the Company's assets. The Directors monitor the operation of internal controls. The objective of the system is to safeguard the Company's assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material misstatement or loss.

Internal financial control procedures undertaken by the board include:

- Review of biannual financial reports and monitoring performance,
- Prior approval of all significant expenditure and loans including all major investment decisions, and,
- Regular board meetings

The board has reviewed the operation and effectiveness of the Company's system of internal control for the financial year and the year up to the date of approval of the financial statements.

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### **INDEPENDENT AUDITOR'S REPORT** **TO THE MEMBERS OF BALLARAT PROPERTY PLC**

We have audited the financial statements of Ballarat Property Plc for the year ended 31 March 2017, which comprise the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes of equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the Company's financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, Strategic Report and Directors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the Company's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of the Company's loss and the Company's cash flows for the year then ended,
- the Company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors Report and the Strategic Report for the financial year for which the Company's financial statements are prepared is consistent with the Company's financial statements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Report of the Directors.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2017**

---

**INDEPENDENT AUDITOR'S REPORT (continued)**  
**TO THE MEMBERS OF BALLARAT PROPERTY PLC**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Sanjay Parmar**  
Senior Statutory Auditor

For and on behalf of  
**Jeffreys Henry LLP (Statutory Auditors)**  
Finsgate 5-7 Cranwood Street  
London  
EC1V 9EE

Date: 31 July 2017

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2017**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2017**

		Year ending 31 March 2017	Period of Incorporation from 2 March 2015 to 31 March 2016
	Notes	£	£
<b>Continuing operations</b>			
Revenue		142,379	23,657
Administrative expenses		(85,314)	(119,163)
<b>Operating loss</b>	<b>6</b>	<b>57,065</b>	<b>(95,506)</b>
Finance costs	<b>8</b>	(101,800)	(19,206)
Loss on ordinary activities before taxation		(44,735)	(114,712)
Income tax expense	<b>9</b>	-	-
<b>Loss for the period</b>		<b>(44,735)</b>	<b>(114,712)</b>
Loss per share (expressed in pence per share)	<b>10</b>	(89)p	(229)p

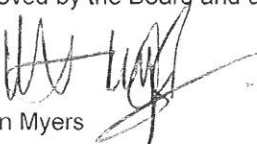
The notes on pages 12 to 21 form part of these financial statements.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2017**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	Notes	31 March 2017 £	31 March 2016 £
<b>Non-current Assets</b>			
Investments	11	1,422,005	943,631
<b>Assets</b>			
<b>Current assets</b>			
Investments	11	-	265,223
Other receivables	12	212,586	101,129
Cash and cash equivalents	13	136	250,000
<b>Total Current Assets</b>		<u>212,722</u>	<u>616,352</u>
<b>Total assets</b>		<u>1,634,727</u>	<u>1,559,983</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Ordinary shares	14	50,000	50,000
Accumulated losses	15	(159,447)	(114,712)
<b>Total equity</b>		<u>(109,447)</u>	<u>(64,712)</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	16	1,644,466	1,553,741
<b>Current liabilities</b>			
Trade and other payables	17	99,708	90,954
<b>Total liabilities</b>		<u>1,744,175</u>	<u>1,624,695</u>
<b>Total equity and liabilities</b>		<u>1,634,727</u>	<u>1,559,983</u>

Approved by the Board and authorised for issue on 31 July 2017.

  
Martin Myers

Director:

Company Registration No. 09417877

The notes on pages 12 to 21 form part of these financial statements.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2017**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Year ending 31 March 2017	Period of Incorporation from 2 March 2015 to 31 March 2016
	£	£
<b>Cash flows from operating activities</b>		
Cash generated from operations	(45,638)	(68,181)
Debenture interest paid	(88,575)	(19,206)
<b>Net cash utilised in operating activities</b>	(134,213)	(87,387)
<b>Cash flows from investing activities</b>		
Loans advanced	(213,151)	(1,208,854)
<b>Net cash utilised in investing activities</b>	(213,151)	(1,208,854)
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital	-	12,500
Net proceeds from issue of debentures	97,500	1,533,741
<b>Net cash generated from financing activities</b>	97,500	1,546,241
<b>Net (decrease)/increase in cash and cash equivalents</b>	(249,864)	250,000
Cash and cash equivalents at the beginning of the period	250,000	-
<b>Cash and cash equivalents at end of period</b>	136	250,000

The notes on pages 12 to 21 form part of these financial statements.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2017**

---

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Share capital £	Accumulated losses £	Total £
On incorporation	50,000	-	50,000
Loss for the period	-	(114,712)	(114,712)
<b>As at 31 March 2016</b>	<b>50,000</b>	<b>(114,712)</b>	<b>(64,712)</b>
Loss for the year	-	(44,735)	(44,735)
<b>As at 31 March 2017</b>	<b>50,000</b>	<b>(159,447)</b>	<b>(109,447)</b>

Share capital is the amount subscribed for shares at nominal value.  
Accumulated losses represent the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 12 to 21 form part of these financial statements.

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### Notes to the financial statements

#### 1 General information

The principal activities of the Company are disclosed in the Strategic Report. The Company is both based and has been incorporated in the United Kingdom. The address of the registered office is disclosed on the Company information page at the front of the Annual Report.

The Company is a public limited company and its bonds are listed on the Emerging Companies Market of the Cyprus Stock Exchange.

#### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented unless otherwise stated.

##### 2.1 Basis of preparation

The statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

##### Going concern

The directors have considered the business activities of the Company and the factors likely to affect its future development and performance and have reviewed the financial position of the Company.

At 31 March 2017, the Company made losses of £44,735 and had net deficits of £109,447. The Company's business involves raising funds in the form of debentures for re-investment into projects in the real estate sector. The cost of issuing the debentures and administration expenses associated with the listing of the debentures, have led to a loss in the Company in the current period.

The Company is dependent upon the repayment of interest and/or capital from the investments and debtors in order to meet operating cash requirements and to pay the debenture interests as they fall due. There is an element of uncertainty as to the timing and value of incoming funds. However, the directors have reviewed the remaining working capital requirements for the Company, and the planned returns from current and future investments. They remain confident that the Company has adequate financial resources for the foreseeable future, and that the company will be able to meet its obligations and achieve its objectives.

Based on their assessment, the directors are of the opinion that the Company has adequate resources to fund its operations for the foreseeable future and so determine that a going concern basis is the appropriate basis for the preparation of these financial statements.

##### Preparation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.



## BALLARAT PROPERTY PLC

### Year ended 31 March 2017

#### Notes to the financial statements (continued)

##### 2.1 Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 April 2016 and have not been early adopted.

Reference	Title	Summary	Application date of standard
IFRS 9	Financial instruments	Requirements on the classification and measurement of financial assets and liabilities and includes an expected credit losses model which replaces the current incurred loss impairment model. Also includes the hedging amendment that was issued in 2013	1 January 2018
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognize revenue from contracts as well as requiring more information and relevant disclosures.	1 January 2018
IFRS 16	Leases	Provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.	1 January 2019
IFRS 17	Insurance contracts	Establishes the principles of the recognition, measurement and presentation and disclosure of insurance contracts within the scope of the standard.	1 January 2021
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.	Applicable date still to be determined
IAS 7	Disclosure Initiative	The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses	The amendments clarify the impact of decreases in the carrying amount of fixed-rate debt instruments; utilization of temporary losses against income of a specific type; estimate of probable future taxable profit to include recovery of assets at more than their carrying value; and evaluation of future taxable profits excluding reversal of deductible temporary differences.	1 January 2017

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### Notes to the financial statements (continued)

#### 2.1 Standards, interpretations and amendments to published standards that are not yet effective (continued)

The Directors anticipate that the adoption of these standards and the interpretations in future period will have no material impact on the financial statements of the Company.

#### 2.2 Financial assets and liabilities

The Company classifies its financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

##### (a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

##### (b) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

##### *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all of the risks and rewards of ownership. In transactions in which the Company's neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company's continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

##### *Amortised cost measurement*

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

##### *Fair value measurement*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the Company establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

---

### Notes to the financial statements (continued)

#### 2.3 Revenue

Revenue comprises interest income based upon the rates attaching to each investment. Interest is recognised on the accruals basis having regard to the terms of the loan.

#### 2.4 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### 2.5 Investments

Investments represent loans made in accordance with the investment mandate of the Company. They are valued at the relevant cost and are held as current assets.

#### 2.6 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.7 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

#### 2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

#### 2.9 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

### Notes to the financial statements (continued)

#### 2.10 Income tax expense

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### 3 Critical accounting estimates and judgments

The Company makes certain judgements and estimates that affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company assets include loans made to related and third-party companies. The Directors do not believe the loans require any provisions against recovery of the principal or interest at the period end.

#### 4 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

##### 4.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

##### a) Credit risk

The Company's take on exposure to credit risk, which is this risk that the counterparty will be unable to pay amounts in full when due. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also monitored by obtaining collateral (including charges over assets) and, personal guarantees; the Directors therefore believe there is a low risk of customer default.

The maximum exposure to credit risk for the Company's was as follows:

Credit risk exposure relating to on-balance sheet assets are as follows:	2017 £	2016 £
Other receivables	212,586	101,129
Investments	1,422,005	1,208,854
<b>At 31 March 2017</b>	<b>1,634,591</b>	<b>1,309,983</b>

# BALLARAT PROPERTY PLC

## Year ended 31 March 2017

### Notes to the financial statements (continued)

#### 4.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust its capital structure the Company may issue new shares and/or debt.

#### 5 Segment information

The Company's operates in one segment, the provision of secured loans, and geographically is based solely in the United Kingdom.

#### 6 Operating loss

	2017 £	2016 £
Operating loss is stated after charging:		
Directors fees	3,750	-
Directors remuneration	7,248	10,740
Auditors Remuneration		
Audit fees	7,500	6,360
Non-audit fees	750	920
	750	920

#### 7 Staff costs

Staff costs comprise directors' remuneration.

The average monthly number of employees (including directors) during the period was:

	2017 Number	2016 Number
Directors	3	3
	3	3

#### 8 Finance costs

	2017 £	2016 £
Interest payable on debentures	88,575	19,079
Amortisation of finance costs on debentures	13,225	-
	101,800	19,079

## BALLARAT PROPERTY PLC

### Year ended 31 March 2017

#### Notes to the financial statements (continued)

##### 9 Taxation

	2017 £	2016 £
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Factors affecting the tax charge for the period</b>		
Loss on ordinary activities before taxation	<u>(44,735)</u>	<u>(114,712)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(8,947)	(22,942)
Effects of:		
Non-deductible expenses	-	-
Tax losses carried forward	8,947	22,942
<b>Current tax charge for the period</b>	<u>-</u>	<u>-</u>

The Company has estimated tax losses of £159,134 (2016 - £114,399) available for carry forward against future trading profits.

The deferred tax asset at the period end of £31,827 (2016 - £22,880) has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount

##### 10 Earnings per share

	2017 £	2016 £
Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:		
Loss after tax attributable to equity holders of the Company	(44,735)	(114,712)
Weighted average number of ordinary shares	50,000	50,000
Basic and diluted loss per share	<u>(89)p</u>	<u>(229)p</u>

##### 11 Investments

	2017 £	2016 £
Loan	<u>1,422,005</u>	<u>1,208,854</u>

During the accounting period £1,422,005 was loaned to Affinity Developments Plc, a related party by virtue of common directorship of Michael Horsford. This is a secured loan facility at an interest rate of 9% per annum.

## BALLARAT PROPERTY PLC

### Year ended 31 March 2017

#### Notes to the financial statements (continued)

##### 12 Other receivables

	2017 £	2016 £
Other receivables and prepayments	175,086	63,629
Unpaid share capital	37,500	37,500
	212,586	101,129

Other receivables comprise interest receivable from investments and non-interest-bearing amounts due from other parties, which are repayable on demand.

##### 13 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2017 £	2016 £
Cash and cash equivalents	136	250,000

The carrying amount of cash and cash equivalents approximates to its fair value.

##### 14 Share Capital

	2017 £	2016 £
<b>Allotted and partly paid</b>		
50,000 Ordinary shares of £1 each	50,000	50,000

On incorporation on 2 March 2015 the Company issued 1 Ordinary Share at par value of £1 which has been called up and fully paid. On 5 March 2015, a further 49,999 Ordinary shares of £1 shares were issued, allotted and fully called up, to date only £12,500 has been paid in by shareholders.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

##### 15 Accumulated losses

	2017 £	2016 £
Loss bought forward	(114,712)	-
Loss for the period	(44,735)	(114,712)
<b>At 31 March 2017</b>	<b>(159,447)</b>	<b>(114,712)</b>

## BALLARAT PROPERTY PLC

### Year ended 31 March 2017

#### Notes to the financial statements (continued)

##### 16 Borrowings

	2017 £	2016 £
<b>Non-current</b>		
Debtures	1,705,290	1,607,790
Unamortised finance costs	(60,824)	(74,049)
	<u>1,644,466</u>	<u>1,533,741</u>

The debtures are secured by a first floating charge over all of the assets of the Company and bear interest of 5.5% per annum paid in annual instalments. The debtures mature on and are due for payment on 31 December 2025.

The unamortised finance costs represent introduction to finance costs and were incurred upon the placing of the bonds and were paid to a related party. These amounts are being amortised on a straight-line basis over the 10 year life of the bonds.

##### 17 Trade and other payables

	2017 £	2016 £
Trade payables	3,539	39,972
Other payables	96,169	50,982
	<u>99,708</u>	<u>90,954</u>

Other payables principally comprise amounts accrued for on-going expenses of the Company and interest on issued debtures. There is also a non-interest bearing loan payable to a related party. The carrying amount of other payables approximates to its fair value.

##### 18 Cash generated from operations

	2017 £	2016 £
<b>Reconciliation to cash generated from operations</b>		
Loss before taxation	(44,735)	(114,712)
Adjustments for:		
Finance cost	101,800	19,206
Changes in working capital:		
- Increase in loans and other receivable	(111,458)	(63,629)
- Increase in trade and other payables	8,755	90,954
	<u>(45,638)</u>	<u>(68,181)</u>

##### 19 Control

The ultimate controlling party at the date of this report is Mark Felton who wholly owns Osprey Real Estate Limited, which owns 100% of the shares of the Company.



## BALLARAT PROPERTY PLC

### Year ended 31 March 2017

---

#### Notes to the financial statements (continued)

##### 20 Related party transactions

###### *Affinity Developments Plc*

During the year Ballarat Property Plc provided a loan to Affinity Developments Plc for £1,422,005, at an interest rate of 9%.

During the year £618,342 was advanced (2016 - £945,339) and £139,968 was repaid (2016 - £1,708), leaving the balance of the loan as at 31 March 2017 at £1,422,005 (2016 - £943,631).

Interest Receivable as at 31 March 2017 amounted to £132,614 (2016 - £3,941).

Mark Felton is a director of companies associated with Affinity Developments Plc.

##### 21 Contingent liabilities

The Company has no contingent liabilities.

##### 22 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

##### 23 Events after the reporting period

There are no events to note.