

Company Registration No. 09465030 (England and Wales)

**BALLARAT PROPERTY Plc**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

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**COMPANY INFORMATION**

**Directors** Mark Felton - resigned 16 November 2017  
David Anderson  
Martin Myers

**Secretary** International Registrars Limited  
Finsgate  
5-7 Cranwood Street  
London  
United Kingdom  
EC1V 9EE

**Company number** 09465030

**Registered office** 13 David Mews  
London  
England  
W1U 6EQ

**Auditors** Jeffreys Henry LLP  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

**Bankers** Melro Bank PLC  
One Southampton Row  
London  
WC1B 5HA

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

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## BALLARAT PROPERTY PLC Year ended 31 March 2018

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### CHAIRMAN'S STATEMENT

I am pleased to present the results of Ballarat Property Plc ("Company") for the year ending 31 March 2018.

The Company has £1,703,024 of fixed term bonds on the Cyprus Stock Exchange.

The Company's loan to Affinity Developments Plc is £1,265,383 as at 31 March 2018. Affinity Developments Plc is a related party by virtue of common directorship of Mark Felton.

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

31st July 2018

# BALLARAT PROPERTY PLC

## Year ended 31 March 2018

### 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 £46,816 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.

	2018	2017
Loss for the period	(46,816)	(44,735)
Cash and cash equivalents	64	136
Investments	1,265,383	1,422,005

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

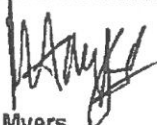
Whilst the Company has entered into contractual arrangements with the aim of securing the services of its Directors, the retention of their services cannot be guaranteed.

#### 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

31st July 2018

# BALLARAT PROPERTY PLC

## Year ended 31 March 2018

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### DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 March 2018.

#### Principal activities

The principal activity of the Company is to acquire distressed UK property, with profits derived from trading property, asset management, redevelopment and lending to real estate companies. Please refer to the Strategic Report for further details.

#### Results and dividends

The results for the period are set out on page 11.

#### Future developments

These are detailed in the Strategic Report above.

#### Directors

The following Directors have held office during the period:

David Anderson  
Martin Myers  
Mark Felton (resigned 16 November 2017)

#### Directors' interest

At the date of this report, Osprey Real Estate Limited, wholly owned by Martin Myers (Mark Felton transferred his holding on 16 November 2017) held 50,000 shares in the equity share capital of the Company.

#### Substantial interests

As at 31 March 2018 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

To date, the Company has issued £1,703,024 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 2018

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### DIRECTORS' REPORT (CONTINUED)

#### Auditors

Jeffreys Henry LLP were appointed auditors to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed 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

31st July 2018

# BALLARAT PROPERTY PLC

## Year ended 31 March 2018

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### CORPORATE GOVERNANCE STATEMENT

The board has sought to comply with a number of the provisions of the QCA Corporate Governance Code issued April 2018 ("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 2018

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

#### Opinion

We have audited the financial statements of Ballarat Property Plc (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statements of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of the loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 2.1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £46,816 during the year ended 31 March 2018 and, as at that date, it had net liabilities of £156,263. These matters along with other matters explained in note 2.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Emphasis of matter

We draw attention to Note 14 of the financial statements. The Company has advanced, including accrued interest, an amount of £1,265,383 to Affinity Developments Plc the recovery of which is dependent on the successful development of various projects. There is uncertainty in respect of obtaining planning permission and the raising of finance to develop the sites. The financial statements do not include the adjustments that would result if the company were to make a provision against the balances.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. 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.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

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

**Key audit matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<p>1) Recoverability of investments</p> <p>The Company had investments of £1,265,383 as at 31 March 2018.</p> <p>Investments comprise an asset backed loan to a related company due for repayment after one year.</p> <p>The Directors undertake due diligence work prior to making these investments to ensure that they are recoverable which includes review by a legal team and thereafter monitoring of these investments monthly to ensure that they remain recoverable.</p>	<p>Our work on the recovery of the investment noted that this is dependent on the successful development of various projects. There is uncertainty in respect of obtaining planning permission and the raising of finance to develop the sites. On this basis we have included an Emphasis of Matter paragraph calling attention to the recovery of this loan.</p>
<p>2) Going concern</p> <p>A key aspect of our audit was to review the Directors' work surrounding the going concern assumption for Ballarat Property Plc.</p> <p>The Directors prepare forecasts which cover a period of 12 months to satisfy themselves that it is appropriate to prepare the accounts on a going concern basis.</p>	<p>We ensured that the Directors review of financial statements included a consideration of all commitments and working capital requirements for a minimum of 12 months from the date of signing of the report.</p> <p>Our review included a consideration of the assumptions used in the model.</p> <p>We also checked the mathematical accuracy of the calculations.</p> <p>We noted that Company incurred a net loss of £46,816 during the year ended 31 March 2018 and, as at that date, it had net liabilities of £156,263. We concluded that these matters along with other matters explained in note 2.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.</p>

**Our application of materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

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

**Our application of materiality (continued)**

Overall materiality	2018: £16,000	2017: £22,000.
How we determined it	2018: average of 10% of profit before tax, 2.5% of gross assets and 3% of turnover.	2017: average of 10% of profit before tax, 2.5% of gross assets and 3% of turnover.
Rationale for benchmark applied	We believe that profit before tax, turnover and gross assets are all primary measures used by the shareholders in assessing the performance of the Company, and are all generally accepted auditing benchmarks.	We believe that profit before tax, turnover and gross assets are all primary measures used by the shareholders in assessing the performance of the Company, and are all generally accepted auditing benchmarks.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above £800 (2017: £1,100) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

**An overview of the scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

*How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which they operate.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# BALLARAT PROPERTY PLC

## Year ended 31 March 2018

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

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the year for which the financial statements are prepared are consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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 material misstatements in the strategic report or the directors' report.

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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Responsibilities of directors (continued)**

In preparing the financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

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

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

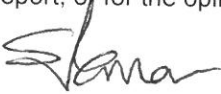
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

We communicate with those charged with governance 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.

**Use of this report**

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.



Sanjay Parmar (Senior statutory auditor)

**For and on behalf of Jeffreys Henry LLP Chartered Accountants, Statutory Auditor**

Finsgate  
5-7 Cranwood Street  
London,  
EC1V 9EE  
31st July 2018

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2018**

		Year ending 31 March 2018	Year ending 31 March 2017
	Notes	£	£
<b>Continuing operations</b>			
Revenue		124,746	142,379
Administrative expenses		(67,629)	(85,314)
<b>Operating loss</b>	<b>6</b>	<u>57,117</u>	<u>(57,065)</u>
Finance costs	<b>8</b>	(103,933)	(101,800)
<b>Loss on ordinary activities before taxation</b>		<u>(46,816)</u>	<u>(44,735)</u>
Income tax expense	<b>9</b>	-	-
<b>Loss for the period</b>		<u>(46,816)</u>	<u>(44,735)</u>
Loss per share (expressed in pence per share)	<b>10</b>	(94)p	(89)p

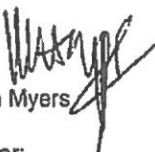
The notes on pages 15 to 25 form part of these financial statements.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Notes	31 March 2018 £	31 March 2017 £
<b>Non-current Assets</b>			
Investments	11	1,265,383	1,422,005
<b>Assets</b>			
<b>Current assets</b>			
Investments	11	-	-
Other receivables	12	347,679	212,586
Cash and cash equivalents	13	64	136
<b>Total Current Assets</b>		<u>347,743</u>	<u>212,722</u>
<b>Total assets</b>		<u>1,613,126</u>	<u>1,634,727</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	(206,263)	(159,447)
<b>Total equity</b>		<u>(156,263)</u>	<u>(109,447)</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	16	1,632,192	1,644,466
<b>Current liabilities</b>			
Trade and other payables	17	137,197	99,708
<b>Total liabilities</b>		<u>1,769,389</u>	<u>1,744,175</u>
<b>Total equity and liabilities</b>		<u>1,613,126</u>	<u>1,634,727</u>

Approved by the Board and authorised for issue on 31 July 2018.

  
Martin Myers

Director:

Company Registration No. 09417877

The notes on pages 15 to 25 form part of these financial statements.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

		Year ending 31 March 2018	Year ending March 2017
	Note	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	(72,059)	(45,638)
Debt interest paid		(84,635)	(88,575)
<b>Net cash utilised in operating activities</b>		<u>(156,694)</u>	<u>(134,213)</u>
<b>Cash flows from investing activities</b>			
Loans repaid		156,622	
Loans advanced		-	(213,151)
<b>Net cash utilised in investing activities</b>		<u>156,622</u>	<u>(213,151)</u>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital		-	-
Net proceeds from issue of debentures		-	97,500
<b>Net cash generated from financing activities</b>		<u>-</u>	<u>97,500</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(72)</u>	<u>(249,864)</u>
Cash and cash equivalents at the beginning of the period		136	250,000
<b>Cash and cash equivalents at end of period</b>	13	<u>64</u>	<u>136</u>

The notes on pages 15 to 25 form part of these financial statements.



**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Share capital £	Accumulated losses £	Total £
As at 1 April 2016	50,000	(114,712)	(64,712)
Loss for the period	-	(44,735)	(44,735)
As at 31 March 2017	<u>50,000</u>	<u>(159,447)</u>	<u>(109,447)</u>
Loss for the year	-	(46,816)	(46,816)
As at 31 March 2018	<u>50,000</u>	<u>(206,263)</u>	<u>(156,263)</u>

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 15 to 25 form part of these financial statements.

# BALLARAT PROPERTY PLC

## Year ended 31 March 2018

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### 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 2018, the Company made losses of £46,816 and had net deficits of £158,263. The Company's business involves raising funds in the form of debentures for re-investment into projects in the real estate sector. The finance cost of the debentures 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 3.

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

**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 2017 and have not been early adopted.

	Title	Summary	Application date of standard	Application date of Company
Amendments to IFRS1	First-time Adoption of International Financial Reporting Standards	Amendments resulting from Annual Improvements 2014-2016 Cycle (removing short-term exemptions)	Annual periods beginning on or after 1 January 2018	1 January 2018
Amendments to IFRS2	Share-based Payment	Amendments to clarify the classification and measurement of share based payment transactions	Annual period beginning on or after 1 January 2018	1 January 2018
Amendments to IFRS4	Insurance Contracts	Amendments regarding the interaction of IFRS 4 and IFRS 9	Annual period beginning on or after 1 January 2018	1 January 2018
Amendments to IFRS 9	Financial Instruments	Amendments regarding the interaction of IFRS4 and IFRS 9	Annual period beginning on or after 1 January 2018	1 January 2018
IFRS 15	Revenue from Contracts with Customers	Original Issue	Annual periods beginning on or after 1 January 2018	1 January 2018
IFRS 16	Leases	Original Issue	Annual periods beginning on or after 1 January 2019	1 January 2019
Amendments to IAS 28	Investments in Associates and Joint Ventures	Amendments resulting from Annual Improvements 2014-2016 cycle (Clarifying certain fair value measurements)	Annual periods beginning on or after January 2018	1 January 2018
Amendments to IAS 39	Financial Instruments: recognition and measurement	Amendments to permit entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS9 is applied and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS9 applied	1 January 2018
Amendments to IAS40	Investment Property	Amendments to clarify transfers of property to, or from investment property	Annual period beginning on or after January 2018	1 January 2018

# BALLARAT PROPERTY PLC

## Year ended 31 March 2018

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### 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 2018

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### 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 2018

### 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:	2018 £	2017 £
Other receivables	347,679	212,586
Investments	1,265,383	1,422,005
<b>At 31 March 2018</b>	<b>1,613,062</b>	<b>1,634,591</b>

# BALLARAT PROPERTY PLC

## Year ended 31 March 2018

### Notes to the financial statements (continued)

#### 4.1 Financial risk factors (Continued)

a) Liquidity risk

The Company is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of the debentures. This applies equally to the underlying investments of the companies or projects in which the Company invests.

b) Capital risk

The Company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investments are closely monitored.

c) Market risk

A general economic downturn at a global level, or in one of the world's leading economies, could impact on the Company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the Company. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the Company's operations. These risks are also applicable to most companies and the risk that the Company will be more affected than the majority of companies is assessed as small.

d) Price risk

The Company's principal activity is short-term business loans. The Company does not have a diversified portfolio of assets and is therefore at risk.

#### 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 operations are in one segment, the provision of secured loans, and geographically is based solely in the United Kingdom.

#### 6 Operating loss

	2018	2017
	£	£
Operating loss is stated after charging:		
Directors fees	7,509	3,750
Directors remuneration	4,000	7,248
Audit fees	7,800	7,500
Non-audit fees	750	750
	750	750

#### 7 Staff costs

Staff costs comprise directors' remuneration.

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

	2018	2017
	Number	Number
Directors	3	3
	3	3



**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

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

**8 Finance costs**

	2018 £	2017 £
Interest payable on debentures	93,666	88,575
Amortisation of finance costs on debentures	10,267	13,225
	<u>103,933</u>	<u>101,800</u>

**9 Taxation**

	2018 £	2017 £
<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>(46,816)</u>	<u>(44,735)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(8,895)	(8,947)
Effects of:		
Non-deductible expenses	-	-
Tax losses carried forward	8,895	8,497
<b>Current tax charge for the period</b>	<u>-</u>	<u>-</u>

The Company has estimated tax losses of £206,130 (2017 - £159,314) available for carry forward against future trading profits.

The deferred tax asset at the period end of £39,165 (2017 - £31,863) has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount

**10 Earnings per share**

	2018 £	2017 £
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	(46,816)	(44,735)
Weighted average number of ordinary shares	50,000	50,000
<b>Basic and diluted loss per share</b>	<u>(94)p</u>	<u>(89)p</u>

**11 Investments**

	2018 £	2017 £
Loan	<u>1,265,383</u>	<u>1,422,005</u>

During the accounting period £1,264,383 was loaned to Affinity Developments Plc, a related party by virtue of common directorship of Mark Felton. This is a secured loan facility at an interest rate of 9% per annum.



**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

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

**12 Other receivables**

	2018 £	2017 £
Other receivables and prepayments	310,179	175,086
Unpaid share capital	37,500	37,500
	<u>347,679</u>	<u>212,586</u>

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:

	2018 £	2017 £
Cash and cash equivalents	<u>64</u>	<u>136</u>

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

**14 Share Capital**

	2018 £	2017 £
Allotted and partly paid 50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

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**

	2018 £	2017 £
Loss brought forward	(159,447)	(114,712)
Loss for the period	(46,816)	(44,735)
At 31 March 2018	<u>(206,263)</u>	<u>(159,447)</u>

**BALLARAT PROPERTY PLC**  
**Year ended 31 March 2018**

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

**16 Borrowings**

	2018 £	2017 £
<b>Non-current</b>		
Debentures	1,703,024	1,705,290
Unamortised finance costs	(70,832)	(60,824)
	<u>1,632,192</u>	<u>1,644,466</u>

The debentures 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 debentures 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**

	2018 £	2017 £
Trade payables	22,317	3,539
Other payables	114,880	96,169
	<u>137,197</u>	<u>99,708</u>

Other payables principally comprise amounts accrued for on-going expenses of the Company and interest on issued debentures. 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**

	2018 £	2017 £
<b>Reconciliation to cash generated from operations</b>		
Loss before taxation	(46,816)	(44,735)
Adjustments for:		
Finance cost	103,933	101,800
Changes in working capital:		
- Increase in loans and other receivable	(135,093)	(111,458)
- Increase in trade and other payables	5,917	8,755
	<u>(72,059)</u>	<u>(45,638)</u>

**19 Control**

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

## BALLARAT PROPERTY PLC

### Year ended 31 March 2018

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#### 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 £1,265,383 at an interest rate of 9%.

During the year £156,622 was repaid (2017 - £139,968), leaving the balance of the loan as at 31 March 2018 at £1,265,383 (2017 - £1,422,005).

Interest Receivable as at 31 March 2018 amounted to £257,360 (2017 - £132,614).

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

###### *Affinity Global Advisors Limited*

During the year AGA Limited lent £10,869 to Ballarat Property Plc which was outstanding at the year end. Loans outstanding at 31 March 2018 are interest free.

This is a related party as Mark Felton is a director of AGA Limited.

###### *Apollo Commercial Property Plc*

During the year Ballarat loaned £480 to Apollo Commercial Property Plc which was outstanding at the year end. Loans outstanding at 31 March 2018 are interest free.

This is a related party as David Anderson and Martin Myers are directors of Apollo Commercial Property Plc.

###### *Vernon Property Plc*

During the year Ballarat loaned £480 to Vernon Property Plc which was outstanding at the year end. Loans outstanding at 31 March 2018 are interest free.

This is a related party as Mark Felton and Martin Myers are directors of Vernon Property Plc.

###### *Wellelsley Commercial Property Limited*

During the year Wellesley Commercial Property Limited lent Ballarat Property Plc £1,250 which was outstanding at the year end. Loans outstanding at 31 March 2018 are interest free.

This is a related party as Mark Felton and Martin Myers are directors of Wellesley Commercial Property Plc.

###### *Allenby Commercial Property Plc*

During the year Ballarat loaned £480 to Allenby Commercial Property Plc which was outstanding at the year end. Loans outstanding at 31 March 2018 are interest free.

This is a related party as David Anderson and Martin Myers are directors of Alleby Commercial Property Plc.

# BALLARAT PROPERTY PLC

## Year ended 31 March 2018

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### Notes to the financial statements (continued)

#### 20 Related party transactions (continued)

##### *Allenbrooke Plc*

During the year Ballarat loaned £480 to Allenbrooke Plc which was outstanding at the year end. Loans outstanding at 31 March 2018 are interest free.

This is a related party as David Anderson, Martin Myers and Mark Felton are directors of Allenbrooke 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.