

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017
FOR
SWAN REAL ESTATE PLC**

SWAN REAL ESTATE PLC

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FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

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SWAN REAL ESTATE PLC
COMPANY INFORMATION
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

DIRECTORS:	P McGinlay I D Stewart G R Flint
SECRETARY:	Caprayal Trust Sa
REGISTERED OFFICE:	19 Elmbank Street Glasgow G2 4PB
REGISTERED NUMBER:	SC525416 (Scotland)
INDEPENDENT AUDITORS:	Jeffreys Henry LLP 5-7 Cranwood St London EC1V 9EE

SWAN REAL ESTATE PLC
STRATEGIC REPORT
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

The directors present their strategic report for the period 28 January 2016 to 31 January 2017.

REVIEW OF BUSINESS

On behalf of the Board I am pleased to present the audited financial statements of Swan Real Estate PLC (the "Company") for the period 28 January 2016 to 31 January 2017. The Company was incorporated on 28 January 2016 as a Property Development Holding company, established to identify and develop residential property in Scotland.

On 5 July 2016 Swan Real Estate PLC purchased the entire issued share capital, being one Ordinary Share of £1, of Fedland Limited (incorporated in the Isle of Man) with a "Deferred Consideration" of £3,099,999 to be paid on the redemption of the 2021 6.25% Bond. On 5 July 2016 Swan Real Estate PLC also purchased the entire issued share capital, being one Ordinary Share of £1, of Hurtwood Limited (incorporated in the Isle of Man) with a "Deferred Consideration" of £899,999 to be paid on the redemption of the 2021 6.25% Bond. Swan Real Estate PLC has issued 541,000 Bonds during the period 28 January 2016 to 31 January 2017.

As at 31 January 2017 the aggregate value of funds held in cash by Swan Holding PCC Limited on behalf of the Company was £128,796. These funds are being held for future investment in to Law Place, East Kilbride, Littlemill Court Bowling and Garscube Road, Glasgow which are all projects for the affordable housing market. The Company will continue to issue further Bonds with 3 and 5 year maturities to enable it to complete all the existing sites held by Swan Real Estate. The Company will also be looking to issue a further 10,000,000 Bonds on this offering.

On the 5th June 2017, there was a debenture 2021 6.25% bond issue of £432,000.

Company updates will be available on the Emerging Companies Market, Cyprus Stock Exchange and the Company's Website.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors are acutely aware of the need to review all aspects of risk which are likely to affect the financial stability of the Company, whether it be from either the revenue or cost side of the business. On an ongoing basis, the directors carry out a detailed internal risk assessment analysis of all aspects of the business.

The Company is exposed to moderate levels of cash flow risk. The company manages these risks by financing its operations through external investment, supplemented by the support of connected companies: SL Scotland Ltd and Swan Holding PCC Limited for working capital requirements and any further capital expenditure programmes.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day working capital requirements and minimise its exposure to fluctuating interest rates, match repayment schedules of liabilities with future cash flows expected to arise from the company's day to day activities.

The Company makes use of financial instruments such as debenture bonds and shares to fund the Company and so its exposure to credit risk, currency risk and cash flow risk is considered material for the assessment of assets, liabilities and financial position of the profit or loss of the company.

KEY PERFORMANCE INDICATORS

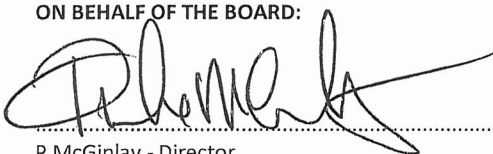
There are no financial key performance indicators for this period as the company did not commence its trading activity.

The directors regard obtaining outline planning permission and readying individual sites for development as the non-financial key performance indicator of the business.

FUTURE DEVELOPMENTS

The directors will continue to identify and acquire suitable land for residential or commercial development.

ON BEHALF OF THE BOARD:



P McGinlay - Director

Date:

26/06/17

SWAN REAL ESTATE PLC
REPORT OF THE DIRECTORS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

The directors present their report with the financial statements of the company for the period 28 January 2016 to 31 January 2017.

COMMENCEMENT OF TRADING

The company was incorporated on 28 January 2016 and commenced activities on the same day.

PRINCIPAL ACTIVITIES

The principal activity of the company in the period under review was that of land and property development.

The main activity of the company is to identify suitable land and property for development, obtain outline planning permission and sell the land to a preferred developer or lease developed properties.

DIVIDENDS

No dividends will be distributed for the period ended 31 January 2017.

DIRECTORS

The directors who have held office during the period from 28 January 2016 to the date of this report are as follows:

J V Kirkwood - appointed 28 January 2016

P McGinlay - appointed 28 January 2016

I D Stewart - appointed 28 January 2016

DISCLOSURE IN THE STRATEGIC REPORT

The information regarding the review of business, risks and uncertainties, key performance indicators and future developments is shown in the strategic report and not the Directors' report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare 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 as adopted by 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 judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- 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 and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a 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.

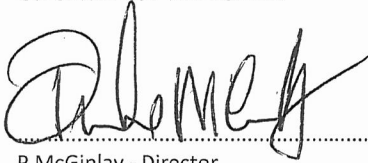
SWAN REAL ESTATE PLC

REPORT OF THE DIRECTORS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

AUDITORS

The auditors, Jeffreys Henry, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....

P McGinlay - Director

Date: 26/06/17

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SWAN REAL ESTATE PLC**

Opinion

We have audited the financial statements of Swan Real Estate Plc (the 'company') for the period ended 31 January 2017 on pages seven to fourteen, which comprises the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes of equity and 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 a Report of the Auditors 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 3, 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 Strategic Report and the Report of the Directors 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 financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2017 and of the Company's loss and the Company's cash flows for the period 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Report of the Directors for the financial period for which the Company's financial statements are prepared is consistent with the financial statements, and the Strategic Report and Report of the Directors has been prepared in accordance with applicable legal requirements.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SWAN REAL ESTATE 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's 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: *26 June 2017*

SWAN REAL ESTATE PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

	Notes	£
CONTINUING OPERATIONS		
Revenue		-
Administrative expenses		<u>(223,976)</u>
OPERATING LOSS		(223,976)
Finance costs	7	<u>(31,842)</u>
LOSS BEFORE INCOME TAX	8	(255,818)
Income tax	9	<u>-</u>
LOSS FOR THE PERIOD		(255,818)
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(255,818)
LOSS PER SHARE (expressed in pence per Share)	10	(512) p

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2017

	Notes	£
ASSETS		
NON CURRENT ASSETS		
Investments	12	100
CURRENT ASSETS		
Inventories	13	4,055,864
Trade and other receivables	14	166,296
		<u>4,222,160</u>
TOTAL ASSETS		<u><u>4,222,260</u></u>
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	15	50,000
Retained earnings	16	<u>(255,818)</u>
TOTAL EQUITY		<u>(205,818)</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	18	4,372,584
CURRENT LIABILITIES		
Trade and other payables	17	55,494
		<u>4,428,078</u>
TOTAL LIABILITIES		<u>4,428,078</u>
TOTAL EQUITY AND LIABILITIES		<u><u>4,222,260</u></u>

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
P McGinlay - Director

Company Registration No. SC525416

The notes form part of these financial statements

SWAN REAL ESTATE PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	50,000	-	50,000
Total comprehensive loss	-	(255,818)	(255,818)
Balance at 31 January 2017	50,000	(255,818)	(205,818)

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 form part of these financial statements

SWAN REAL ESTATE PLC

STATEMENT OF CASH FLOWS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

		£
Cash flows to operating activities		
Cash generated from operations	1	(353,142)
Net cash to operating activities		<u>(353,142)</u>
Cash flows to investing activities		
Investment in subsidiary		<u>(100)</u>
Net cash to investing activities		(100)
Cash flows from financing activities		
Debenture issue		541,000
Transaction costs paid		(200,258)
Share issue		<u>12,500</u>
Net cash from financing activities		<u>353,242</u>
<hr/>		
Increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of period	2	-
<hr/>		
Cash and cash equivalents at end of period	2	<u><u>-</u></u>

The notes form part of these financial statements

SWAN REAL ESTATE PLC

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	£
Loss before income tax	(255,818)
Interest payable	16,013
Shares unpaid	37,500
Amortisation	<u>15,829</u>
	(186,476)
Increase in inventories	(4,055,864)
Increase in trade and other receivables	(166,296)
Increase in trade and other payables	55,494
Increase in deferred consideration	<u>4,000,000</u>
Cash generated from operations	<u>(353,142)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Period ended 31 January 2017

	31/1/17	28/1/16
	£	£
Cash and cash equivalents	<u>-</u>	<u>-</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

1. **STATUTORY INFORMATION**

Swan Real Estate Plc is a public company, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

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 year presented unless otherwise stated.

2.1 **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations Committee (IFRS IC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

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.

Going Concern

The financial statements have been prepared on a going concern basis, the validity of which is dependent on the Company obtaining additional long-term financing from external investment, or from other connected companies: SL Scotland Ltd and Swan Holding PCC Limited.

The Company made a loss of £255,818 in the period and has net liabilities of £205,818 at the period end. As the property is currently being developed, there is no income, however, the Company will continue to seek additional long-term financing and further funding from the connected companies, SL Scotland Ltd and Swan Holding PCC Limited for a period of 12 months following the date of approval of the financial statements.

The Directors believe that the necessary funding will be available to the Company to enable them to trade for the foreseeable future.

The financial statements do not include any adjustments that would result if the necessary long-term financing was not secured by the Company and if the above support to the Company was withdrawn.

International Financial Reporting Standards

New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for this financial year that would be expected to have a material impact on the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017**

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 year beginning 2016 and have not been early adopted:

Reference	Title	Summary	Application date of standard	Application date of Company
IFRS 2	Share-based payments	Amendments to clarify the classification and measurement of share based payment transactions	Periods commencing on or after 1 January 2018	1 February 2018
IFRS 4	Insurance Contracts	Amendments regarding the interaction of IFRS 4 and IFRS 9	Periods commencing on or after 1 January 2018	1 February 2018
IFRS 9	Financial Instruments	Requirements on the classification and measurement of financial assets and liabilities and includes an expected credit losses model. Also includes the hedging amendment that was issued in 2013	Periods commencing on or after 1 January 2018	1 February 2018
IFRS 12	Disclosure of interests in other entities	Amendments resulting from Annual Improvements 2014-2016 (Clarifying Scope)	Periods commencing on or after 1 January 2017	1 February 2017
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more informative and relevant disclosures	Periods commencing on or after 1 January 2017	1 February 2017
IFRS 16	Leases	Original issue	Periods commencing on or after 1 January 2019	1 February 2019
IAS 7	Statement of Cash Flows	Amendments as a result of the disclosure initiative	Periods commencing on or after 1 January 2017	1 February 2017
IAS 12	Income Taxes	Amendments regarding the recognition of deferred tax assets for unreleased losses	Periods commencing on or after 1 January 2017	1 February 2017
IAS 28	Investments in Associates and Joint Ventures	Amendments resulting from Annual Improvements 2014-2016 cycle (Clarifying certain fair value measurements)	Periods commencing on or after 1 January 2018	1 February 2018
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 IFRS 9 is applied and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Periods commencing on or after 1 January 2018	1 February 2018
IAS 40	Investment Property	Amendments to clarify transfers or property to or from investment property	Periods commencing on or after 1 January 2018	1 February 2018

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017**

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 periods will have no material impact on the financial statements of the company.

2.2 Investments

Investments in subsidiaries are held at cost less any impairment. The Company acquired two special purpose entities during the year which own plots of land. According to IFRS 3 to qualify as a business there must be identifiable inputs and processes and the ability to create outputs which these entities do not. The acquisitions qualify as asset acquisitions rather than business combinations, hence, the two special purpose entities have not been treated as Investments.

2.3 Financial instruments

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.

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.

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

2.5 Inventories

Inventories consist of development property available for sale which is stated at the lower of cost or net realisable value. It also includes borrowing costs which have been capitalised as they relate to a loan obtained specifically for the purpose of purchasing a qualifying asset.

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.

Borrowings consist of a long-term loan from debentures.

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.

2.10 Taxation

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.

2.11 Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

3 Critical accounting judgments and key sources of estimation uncertainty

The Company makes certain judgments and estimates that affect the reported amount of assets and liabilities. Critical judgments 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 maintained by obtaining collateral, the loans to customers include debentures and personal guarantees and 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
	£
Other receivables	166,296
At 31 January 2017	166,296

b) Cash flow and Interest rate risk

The Company's borrowings are at a fixed rate of interest exposing the Company to fair value interest rate risk. The Company does not manage any cash flow interest rate risk.

c) 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.

d) 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.

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017**

e) 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.

f) Price risk

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 benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure the Company may issue new shares or alter debt levels.

5 Segment information

The Company's single line of business is buying and selling real estate.

6 EMPLOYEES AND DIRECTORS

Wages and salaries

2017
£
156,000

The average monthly number of employees during the period was as follows:

Directors

3

Directors' remuneration

£
156,000

7 FINANCE COSTS

The loss before income tax is stated after charging:

Interest payable

2017
£

Transaction costs on issue of debentures

16,013
15,829

31,842

8 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

Other operating leases

2017
£

Auditors' remuneration

15,500
6,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017**

9 TAXATION

	2017 £
Total current tax	-
Factors affecting the tax charge for the period	
Loss on ordinary activities before taxation	(255,818)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(51,164)
Effects of:	
Non-deductible expenses	-
Tax losses carried forward	51,164
Current tax charge for the period	-

The Company has estimated tax losses of £255,818 available for carry forward against future trading profits.

The deferred tax asset at the period end of £51,164 has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount at a rate of 20%.

10 LOSS PER SHARE

	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	(255,818)
Weighted average number of ordinary shares	50,000
Basic and diluted loss per share	(512) p

11 DIVIDENDS

No dividends were paid or proposed for the period to 29 February 2016.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

12 INVESTMENTS

	2017 £
Cost	
At 28 January 2016	-
Additions	100
	<u>100</u>
Carrying amount	
At 31 January 2017	100
At 28 January 2016	-
	<u>-</u>

As at 30 November 2016, the company directly held the following subsidiary

Name of company	Principal activities	Country of incorporation and place of business	Proportion of equity interest 2017
Swan Developments Management Limited	Dormant	United Kingdom	100% of ordinary shares

13 INVENTORIES

	2017 £
Work-in-progress	<u>4,055,864</u>

14 TRADE AND OTHER RECEIVABLES

	2017 £
Current:	
Called up share capital not paid	37,500
Receivables from related parties – Swan Holding PCC Limited	128,796
	<u>166,296</u>

SWAN REAL ESTATE PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

15 CALLED UP SHARE CAPITAL

Allotted, issued and partly paid:		Nominal Value:	2017 £
Number:	Class:		
50,000	Share capital 1	£1	<u>50,000</u>

The Company's issued 50,000 ordinary shares on 28 January 2016 at £1 to its shareholders. All 50,000 ordinary shares are partly paid to 25 pence.

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.

16 RESERVES

	2017 Retained earnings £
Loss for the period	(255,818)
At 31 January 2017	<u>(255,818)</u>

17 TRADE AND OTHER PAYABLES

	2017 £
Accruals	<u>55,494</u>

18 BORROWINGS

	2017 £
Deferred consideration – Swan Holding PCC Limited	4,000,000
Debentures issued	<u>372,584</u>
	<u>4,372,584</u>

Deferred consideration to related party are secured by a floating charge over the assets of the Company. Deferred payment is payable in 5 years and bears no interest.

For the debentures issued, all transaction costs have been included within non-current borrowings. All non-current borrowings are wholly repayable within five years.

The debentures are secured by first floating charge over all of the assets of the Company, bear interest of 6.25% per annum. The debentures will expire in 2021 and are due for repayment at that date.

Included within debentures are capitalised transaction costs of £184,429.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 28 JANUARY 2016 TO 31 JANUARY 2017

19 LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

Between one and five years

2017
£
15,500

20 ULTIMATE CONTROLLING PARTY

As at 22 September 2016, the Company became wholly owned by Fedland Limited, a company incorporated in the United Kingdom. Fedland Limited is controlled by Phil McGinlay and Brian Weal.

21 RELATED PARTY TRANSACTIONS

During the period, there were the following related party transactions:

Swan Holding PCC Limited

Swan Holding PCC Limited is a company of which Phil McGinlay is a director.

1. Swan Holding PCC Limited's bank account was used for all transactions made by Swan Real Estate plc during the period as the latter did not operate a bank account. The amount receivable from Swan Holding PCC Limited at the period end was £128,796. This is unsecured and interest free.
2. Swan Holding PCC Limited sold two SPVs to Swan Real Estate plc during the period. Fedland Limited (£3.1m) and Hurtwood Limited (£900k). Both SPVs hold titles to land that Swan Real Estate plc will develop. The deferred consideration, totalling £4m are secured by a floating charge over all the assets of the Company and are payable in 5 years and bears no interest.

SL Scotland Ltd

SL Scotland Ltd is a company of which Phil McGinlay is a director.

1. The Company paid SL Scotland Ltd £15,500 rent during the year.

22 CONTINGENT LIABILITIES

The Company has no contingent liabilities.

23 CAPITAL COMMITMENTS

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

23 EVENTS AFTER THE REPORTING PERIOD

On 5 June 2017, £432,000 of debentures were issued, repayable in 2021.