REGISTERED NUMBER: SC525416 (Scotland)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2019

FOR

SWAN REAL ESTATE PLC

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2019

SWAN REAL ESTATE PLC

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST JANUARY 2019

DIRECTORS:	P McGinlay G Flint D Smith I Stewart
SECRETARY:	Fedland Limited
REGISTERED OFFICE:	58 Waterloo Street Glasgow G2 7DA
REGISTERED NUMBER:	SC525416 (Scotland)
SENIOR STATUTORY AUDITOR:	Sanjay Parmar
AUDITORS:	Jeffreys Henry LLP 5-7 Cranwood Street London EC1V 9EE

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST JANUARY 2019

The directors present their strategic report for the year ended 31st January 2019.

REVIEW OF BUSINESS
On behalf of the Board I am pleased to present the Audited Financial Statements for Swan Real Estate PLC (the "Company") for the period 1 February 2018 to 31 January 2019.

The Company was incorporated on the 28 January 2016 as a Property Development Holding company, established to identify and develop residential property in Scotland.

Swan Real Estate PLC has issued 2,319,543 Bonds during the year to 31 January 2019. As at 31 January 2019 the aggregate value of funds held in cash was £1,614,657. These funds are being held for future investment into Newhall Street, Glasgow, Littlemill Court Bowling, Garscube Road, Glasgow, Avon House, Cumbernauld which are all affordable housing sites.

On 6 August 2018 the Company submitted a detailed planning consent for the conversion of Avon House, Cumbernauld from vacant office space to 35 two-bedroom apartments, planning permission is expected in 2019. Development will start thereafter, and the development programme is likely to be 12 to 14 months.

On 18 December 2018 the company concluded a Design & Build Contract with Link Housing Association to develop 106 units on Law Place, East Kilbride. The Contract Value that was agreed was £15,538,000. Whilst the contract never concluded until December the Company decided to get started on site. On 1 October 2019 the Company appointed JR Group as principal contractor on a Design & Build contract, the build programme is 24 months.

The company has continued its growth strategy by securing a further four sites under contract and hope to exchange contracts later in 2019. This will provide potential for SRE PLC to deliver a further 450 affordable homes.

On 1 August 2019 the company signed a term sheet with an institutional investor to secure a £50m growth capital facility. Once the deal is agreed and concluded the funding will give the Company the ability to accelerate the development of more than 3,000 affordable homes.

The Company remains committed to assisting housing associations and local councils to deliver the Scottish government's target of 50,000 homes by 2021.

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 a 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 a low level of price risk, credit risk and moderate levels of cash flow risk. The Company manages these risks by financing its operations through external investment, supplemented by the support of related 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 little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, currency risk and cash flow risk is not considered material for the assessment of assets, liabilities and financial position of the profit or loss of the Company.

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST JANUARY 2019

KEY PERFORMANCE INDICATORS
The company commenced trading in the period and produced growth in revenue from zero to £3,878,607; this was all derived from the site at Law Place, East Kilbride. However, the costs associated with this site resulted in a gross loss of £472,657 (2018 - £nil).

The waiving of a deferred consideration has resulted in an overall net profit for the year of £1,880,581 (2018 - loss of £658,722). The earnings per share figure has in turn improved to £3,761.16 (2018 - loss of £1,317.44). The key positive performance indicator for the year has been the rise in investment in the business. Debentures issued have risen by £2M in the period.

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: 25 November 2019

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JANUARY 2019

The directors present their report with the financial statements of the company for the year ended 31st January 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year 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 preferred developer or lease developed properties.

DIVIDENDS

No dividends were paid or proposed for the period to 31 January 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st February 2018 to the date of this report.

P McGinlay
G Flint
D Smith
I Stewart

DISCLOSURE IN THE STRATEGIC REPORT

The information regarding the view of business, risks and uncertainties, key performance indicators and future developments is shown in the strategic report and not the Director's 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 judgements 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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST JANUARY 2019

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

ON BEHALF OF THE BOARD:

....
P McGinlay - Director

Date: 25 November 2019

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 year ended 31 January 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity. The Statement of Cash Flows and Notes to the Statement of Cash Flows, 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, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:
- the financial statements give a true and fair view of the state of the Company's affairs as at 31st January 2019 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements 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 Auditors' 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 as applied to listed entities, 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.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our audit approach
Overview

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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventory	
The Company held £3,811,077 of inventory as at 31 January 2019 (2018: £5,760,701), with no provisions in the current or prior year. Inventory comprises multiple sites that are held in trust by the subsidiaries. These are in various stages of development, or in a small number of cases an option to purchase is held pending planning approval. As inventory is to be held at the lower of cost and NRV, management assert that the amounts recoverable on sale are higher than the total cost incurred to date, for each site.	We agreed the costs incurred by site to supporting documentation to substantiate the cost included in the accounts. As no sales are currently under negotiation, the net realisable values were substantiated by third party valuations, or director estimations of expected sale proceeds. We reviewed director inputs and evaluated the reasonableness of the assumptions used in their valuations for the property sites.
Going concern assumption	
The Company is dependent upon its ability to generate sufficient cash flows to meet continued operational and finance costs and hence continue trading. Given the scale of cash outflows, the Company needs to be generating sufficient revenues to sustain its position.	Management's review of going concern placed significant emphasis on their ability to secure further funding to finance continued operations. We deemed this reasonable considering an agreement reached 1 August 2019 with an institutional investor, whereby significant portions of their operational costs will be covered. The ongoing development revenues, and availability of completed developments for sale are expected to provide sufficient working capital for costs not covered by the above-mentioned agreement.
Revenue recognition	
As the Company has generated revenues for the first time, revenue growth is now a key performance indicator of the Company. This may place pressure on management to distort revenue recognition. The complex nature of development projects may result in overstatement or deferral of revenues.	In testing revenue, we have reviewed and documented the two different revenue streams in the year- being the sale of land and acting as a main contractor on a construction contract. The transactions have been agreed to contracts, and in the case of the construction contract, to ongoing third-party valuations. The underlying contract has been reviewed for any further obligations or necessary provisions that would impact the completeness of revenue. In particular, the overall net result on the contract.

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.
Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£103,000 (31 January 2018: £63,000).
How we determined it	1% of gross assets
Rationale for benchmark applied	We believe that gross assets is an acceptable auditing benchmark, being a primary measure used by shareholders in assessing the Company's performance.

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 annual 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.

Opinions 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 director's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 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.

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. This description forms part of our Report of the Auditors.

Use of our 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 (Statutory Auditors)
Finsgate
5-7 Cranwood Street
London EC1V 9EE

Date: 25 November 2019

INCOME STATEMENT
FOR THE YEAR ENDED 31ST JANUARY 2019

	Notes	31/1/19 £	31/1/18 £
CONTINUING OPERATIONS			
Revenue from contracts with customers	2	3,878,607	-
Cost of sales		(4,351,264)	-
GROSS LOSS		(472,657)	-
Administrative expenses		(1,466,513)	(512,094)
OPERATING LOSS BEFORE EXCEPTIONAL ITEMS		(1,939,170)	(512,094)
Exceptional items	4	4,000,000	-
OPERATING PROFIT/(LOSS)		2,060,830	(512,094)
Finance costs	5	(255,543)	(206,609)
Finance income	5	75,294	59,981
PROFIT/(LOSS) BEFORE INCOME TAX	6	1,880,581	(658,722)
Income tax	7	-	-
PROFIT/(LOSS) FOR THE YEAR		1,880,581	(658,722)
Earnings per share from continued operations attributable to ordinary shareholders expressed in pence per share:	8		
Basic		3,761.16	(1,317.44)
Diluted		3,761.16	(1,317.44)

The notes form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST JANUARY 2019

	31/1/19	31/1/18
	£	£
PROFIT/(LOSS) FOR THE YEAR	1,880,581	(658,722)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,880,581	(658,722)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31ST JANUARY 2019

	Notes	31/1/19 £	31/1/18 £
ASSETS			
NON-CURRENT ASSETS			
Investments	9	299,290	299,290
Trade and other receivables	11	1,280,003	1,204,709
		1,579,293	1,503,999
CURRENT ASSETS			
Inventories	10	3,811,077	5,760,701
Trade and other receivables	11	739,231	217,615
Cash and cash equivalents	12	1,614,657	247,874
		6,164,965	6,226,190
TOTAL ASSETS		7,744,258	7,730,189
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	50,000	50,000
Retained earnings	14	966,041	(914,540)
TOTAL EQUITY		1,016,041	(864,540)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	5,704,621	7,736,013
CURRENT LIABILITIES			
Trade and other payables	15	637,791	508,505
Financial liabilities - borrowings			
Interest bearing loans and borrowings	16	385,805	350,211
		1,023,596	858,716
TOTAL LIABILITIES		6,728,217	8,594,729
TOTAL EQUITY AND LIABILITIES		7,744,258	7,730,189

The financial statements were approved by the Board of Directors on 25 November 2019 and were signed on its behalf by:

....
P McGinlay - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST JANUARY 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st February 2017	50,000	(255,818)	(205,818)
Changes in equity			
Total comprehensive income	-	(658,722)	(658,722)
Balance at 31st January 2018	50,000	(914,540)	(864,540)
Changes in equity			
Total comprehensive income	-	1,880,581	1,880,581
Balance at 31st January 2019	50,000	966,041	1,016,041

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST JANUARY 2019

	Notes	31/1/19	31/1/18
		£	£
Cash flows from operating activities			
Cash generated from operations	1	(102,353)	(2,024,764)
Interest paid		(255,543)	(106,045)
Net cash from operating activities		(357,896)	(2,130,809)
Cash flows from investing activities			
Purchase of fixed asset investments		-	(299,190)
Intercompany loan		(303,610)	(1,196,047)
Net cash from investing activities		(303,610)	(1,495,237)
Cash flows from financing activities			
Debenture issue		1,968,608	3,399,812
Transaction costs paid		(255,543)	(136,947)
Other loans		285,712	350,211
Intercompany loan		29,512	260,844
Net cash from financing activities		2,028,289	3,873,920
Increase in cash and cash equivalents		1,366,783	247,874
Cash and cash equivalents at beginning of year	2	247,874	-
Cash and cash equivalents at end of year	2	1,614,657	247,874

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST JANUARY 2019

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH ABSORBED BY OPERATIONS

	31/1/19	31/1/18
	£	£
Profit/(loss) before income tax	1,880,581	(658,722)
Waiver of a deferred consideration	(4,000,000)	-
Finance costs	255,543	206,609
Finance income	(75,294)	(59,981)
	(1,939,170)	(512,094)
Decrease/(increase) in inventories	1,949,624	(1,704,837)
Increase in trade and other receivables	(212,581)	-
Increase in trade and other payables	99,774	192,167
Cash absorbed by operations	(102,353)	(2,024,764)

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:

Year ended 31st January 2019

	31/1/19	1/2/18
	£	£
Cash and cash equivalents	1,614,657	247,874

Year ended 31st January 2018

	31/1/18	1/2/17
	£	£
Cash and cash equivalents	247,874	-

The notes form part of these financial statements

1. **ACCOUNTING POLICIES**

Basis of preparation

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 below.

Going Concern

The financial statements have been prepared on a going concern basis, the validity of which is dependent on the Company obtaining further funding to finance continued operations. On 1 August 2019 the Company reached an agreement with an institutional investor, whereby significant portions of their operational costs will be covered. The ongoing development revenues, and availability of completed developments for sale are expected to provide sufficient working capital for costs not covered by the above-mentioned agreement.

The Company made a profit of £1,880,581 (2018 - loss of £658,722) in the period and has net assets of £1,016,041 (2018 -net liabilities of £864,540) at the period end. The Company will continue to seek additional long-term financing and further funding from the related 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 is 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 long-term financing was not maintained by the Company and if the above support to the Company was withdrawn.

New standards, amendments and interpretations to published standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning that would be expected to have a material impact on the Company. The new IFRSs adopted during the year are as follows:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers including amendments and clarifications

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 February 2018 and have not been early adopted. The Directors anticipate that the adoption of these standard and the interpretations in future periods will have no material impact on the financial statements of the Company.

The new standards include:

IFRS 3	Business Combinations2
IFRS 16	Leases1
IFRS 17	Insurance Contracts3
IAS 1	Presentation of Financial Statements2
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors2
IAS 19	Employee Benefits (amendment) 1
IAS 28	Investment in associates and joint ventures (amendment) 1
IFRIC 23	Uncertainty over Income Tax Treatments1

Improvements to IFRSs Annual Improvements 2015-2017 Cycle1: Amendments to 2 IFRSs and 2 IASs

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the group.

continued...

Investments
Investments in subsidiaries are held at cost less any impairment. The company acquired a special purpose entity 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.

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 liabilities 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 receivable 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 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.

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.

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.

continued...

Share capital
Ordinary shares are classified as equity.

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

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.

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 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.

Borrowing consist of a long-term loan from debentures.

Borrowing costs
General and specific borrowing costs directly attributable to 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 of 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.

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. The Company assets also include inventory. The Directors do not believe that the asset requires any adjustment for impairment to the carrying value of the inventory.

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.

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.

continued...

(a) Credit risk

The Company's take on exposure to credit risk, which is the 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 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 was as follows:

Other receivables	£
At 31 January 2018	(1,422,324)
At 31 January 2019	(1,981,517)

(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. These investments are closely monitored.

(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 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.

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.

Segment information

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

Preparation of consolidated financial statements

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

continued...

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable in relation to the proceeds from property development. Revenue is shown net of value-added tax, returns, rebates and discounts. Revenue is by reference to the stage of completion of the projects. This is calculated by surveyors on a regular basis. The directors consider this in line with when the Company's performance obligations are satisfied. Standard payment terms are that invoices are paid within 1 month of issue.

The directors have elected to apply the 'modified retrospective' approach to transition permitted by IFRS 15 under which comparative financial information is not restated. As the Company had no sales in the prior period, the accounting of revenue under IFRS 15 did not have a material effect on the financial statements as at 1 February 2018 and so no transition adjustments are required. The Standard has not had a material impact on the accounting policy adopted in respect to revenue as previously disclosed in the 2018 financial statements.

The directors consider that income from property development relate exclusively to income in the UK and so no further segmentation is required.

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 goodwill; deferred income tax is not accounted for it if 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 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.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2. REVENUE

Revenue from contracts with customers
The total revenue from contracts with customers during the year amounts to £3,878,607 (2018: £Nil).

3. EMPLOYEES AND DIRECTORS

	31/1/19	31/1/18
	£	£
Wages and salaries	460,304	311,717
Social security costs	29,396	27,169
	489,700	338,886

The average number of employees during the year was as follows:

	31/1/19	31/1/18
Directors	4	4
Staff	3	3
	7	7

continued...

3. **EMPLOYEES AND DIRECTORS - continued**

	31/1/19	31/1/18
	£	£
Directors' remuneration	286,666	228,500

Information regarding the highest paid director is as follows:

	31/1/19	31/1/18
	£	£
Emoluments etc	130,245	90,000

4. **EXCEPTIONAL ITEMS**

The exceptional item relates to a waiver of a deferred consideration of £4,000,000 from a related company (2018: £Nil).

5. **NET FINANCE COSTS**

	31/1/19	31/1/18
	£	£
Finance income:		
Loan interest	75,294	59,981
Finance costs:		
Interest payable	255,543	206,609
Net finance costs	180,249	146,628

6. **PROFIT/(LOSS) BEFORE INCOME TAX**

The profit before income tax (2018 - loss before income tax) is stated after charging:

	31/1/19	31/1/18
	£	£
Cost of inventories recognised as expense	4,351,264	-
Hire of plant and machinery	1,221	-
Other operating leases	91,989	15,500
Auditors' remuneration	19,236	12,996

7. **INCOME TAX**

Analysis of tax expense
No liability to UK corporation tax arose for the year ended 31st January 2019 nor for the year ended 31st January 2018.

continued...

7. INCOME TAX - continued

Factors affecting the tax expense

The tax assessed for the year is lower (2018 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	31/1/19	31/1/18
	£	£
Profit/(loss) before income tax	1,880,581	(658,722)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	357,310	(125,157)
Effects of:		
Tax losses carried forward	-	125,157
Non-taxable intercompany loan waiver	(357,310)	-
Tax expense	-	-

The Company has estimated tax losses of £3,068,506 (2018: £949,087) available for carry forward against future trading profits.

The deferred tax asset at the period end of £521,646 (2018: £180,327) has not been recognised in the financial statements due to uncertainty of the recoverability of the amount at a rate of 17% (2018: 19%).

8. EARNINGS PER SHARE

Earnings per share are from continuing operations attributable to ordinary shareholders.

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings £	31/1/19 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	1,880,581	50,000	3,761.16
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	1,880,581	50,000	3,761.16

continued...

8. **EARNINGS PER SHARE - continued**

	Earnings £	31/1/18 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(658,722)	50,000	(1,317.44)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(658,722)	50,000	(1,317.44)

9. **INVESTMENTS**

	Unlisted investments £
COST	
At 1st February 2018 and 31st January 2019	299,290
NET BOOK VALUE	
At 31st January 2019	299,290
At 31st January 2018	299,290

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

SL Scotland Ltd
Registered office: 58 Waterloo Street, Glasgow, Scotland, G2 7DA
Nature of business: Land and property development

Class of shares:	% holding
Ordinary	100.00

	30/6/18 £	30/6/17 £
Aggregate capital and reserves	(1,547,717)	(1,550,957)
Profit/(loss) for the year	3,240	(876,355)

Swan Developments Management Limited
Registered office: 58 Waterloo Street, Glasgow, Scotland, G2 7DA
Nature of business: Development of building projects

Class of shares:	% holding
Ordinary	100.00

	31/3/18 £	31/3/17 £
Aggregate capital and reserves	(327,513)	(34,314)
Loss for the year/period	(293,199)	(34,414)

continued...

9. **INVESTMENTS - continued**

Hurtwood Limited
Registered office: Third floor, 10-12 Prospect Hill, Douglas, Isle of Man, IM1 1EJ
Nature of business: Land and property development

	%
Class of shares:	holding
Ordinary	100.00

Fedland Limited
Registered office: Third floor, 10-12 Prospect Hill, Douglas, Isle of Man, IM1 1EJ
Nature of business: Land and property development

	%
Class of shares:	holding
Ordinary	100.00

10. **INVENTORIES**

	31/1/19	31/1/18
	£	£
Work-in-progress	3,811,077	5,760,701

The inventories pledged as security for the bond are:

- Garscube Road
- Bowling
- Lochore

The total work in progress for the above properties is valued at £2,041,280.

11. **TRADE AND OTHER RECEIVABLES**

	31/1/19	31/1/18
	£	£
Current:		
Amounts owed by group undertakings	489,150	180,115
Other debtors	174,864	-
Called up share capital not paid	37,500	37,500
Prepayments	37,717	-
	739,231	217,615
Non-current:		
Amounts owed by group undertakings	1,280,003	1,204,709
Aggregate amounts	2,019,234	1,422,324

12. **CASH AND CASH EQUIVALENTS**

	31/1/19	31/1/18
	£	£
Bank accounts	1,614,657	247,874

continued...

13. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	31/1/19 £	31/1/18 £
50,000	Ordinary shares	£1	50,000	50,000

As at 31 January 2019, all the shares issued have not been fully paid. Only 25p per share has been paid leaving the total value of unpaid share capital at £37,500.

The rights attached to the ordinary shares are:

1. The right to vote at all general meetings of the company and on all written resolutions of the company in respect of which the holder of the share is an eligible member (as defined in the Companies Act 2006).

2. The ordinary shares confer on the holders thereof as a class:

   - The right to participate pari passu in any distribution or dividend payable to members of the company.

   - The right on a winding up or other return of capital to receive a return of the nominal amount paid up on the ordinary shares and to participate pari passu in any further distribution of assets on a winding up or return of capital.

3. The ordinary shares are not liable to be redeemed.

14. RESERVES

	Retained earnings £
At 1st February 2018	(914,540)
Profit for the year	1,880,581
At 31st January 2019	966,041

15. TRADE AND OTHER PAYABLES

	31/1/19 £	31/1/18 £
Current:		
Amounts owed to group undertakings	290,356	260,844
Accruals	181,054	247,661
Contract Liabilities	166,381	-
	637,791	508,505

16. FINANCIAL LIABILITIES - BORROWINGS

	31/1/19 £	31/1/18 £
Current:		
Other loans	385,805	350,211

continued...

16. **FINANCIAL LIABILITIES - BORROWINGS - continued**

	31/1/19	31/1/18
	£	£
Non-current:		
Deferred consideration – Swan Holding PCC Ltd	-	4,000,000
Debenture issued	5,704,621	3,736,013
	5,704,621	7,736,013

Terms and debt repayment schedule

	1 year or less	2-5 years	Totals
	£	£	£
Other loans	385,805	-	385,805
Debenture issued	-	5,704,621	5,704,621
	385,805	5,704,621	6,090,426

Last year, borrowings included deferred consideration of £4,000,000. The deferred consideration to a related party was secured by a floating charge over the assets of the Company. Deferred payment was payable in 5 years and bore no interest. This has now been written off in the current year as no longer payable.

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 £205,513 (2018 - £272,953)

17. **LEASING AGREEMENTS**

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

	31/1/19	31/1/18
	£	£
Between one and five years	319,956	15,500

18. **CONTINGENT LIABILITIES**

The Company has no contingent liabilities.

19. **CAPITAL COMMITMENTS**

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

continued...

20. RELATED PARTY DISCLOSURES

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

Swan Holding PCC Limited

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

1. The amount receivable from Swan Holding PCC Limited at the year end was £180,115 (2018: £180,115). The deferred consideration of £4,000,000 was waived.

SL Scotland Ltd

SL Scotland Ltd is a 100% subsidiary company of which Phil McGinlay is a director.

1. The company paid SL Scotland Ltd £Nil (2018: £15,500) rent during the year.
2. The amount receivable from SL Scotland Limited at the year end was £1,280,003 (2018: £1,204,709).
3. The amount payable to SL Scotland Limited at the year end was £290,356 (2018: £260,844).

As at the year end, the company was owed the following £45,000 (2018: £Nil) from P McGinlay (a director), £45,000 (2018: £Nil) from B. Weal (a director of the ultimate parent company) and £34,864 (2018: £Nil) from T Smith (a director). These loans are interest free, unsecured and repayable on demand. The loans were repaid in October 2019.

Fedland Limited (Isle of Man)

Fedland Ltd is a 100% subsidiary company.

1. The amount receivable at the year end was £273,695.

WF Management DWC LLC

A company of which Brian Weal is a director and shareholder.

1. The company paid fees of £114,864 for consultancy work.

Other notes

Included within professional fees are amounts totalling £53,205 paid to B. Weal for consultancy services. The gross salary paid to B. Weal during the year amounts to a total of £62,500.

21. 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.