Registered number: 07892904

VORDERE PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

COMPANY INFORMATION

Directors	NW Hofgren GS Johnson NB Fitzpatrick SR Cheek
Company secretary	Vistra Company Secretaries Limited
Registered number	07892904
Registered office	3rd Floor 11-12 St. James's Square London SW1Y 4LB
Independent auditors	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Haslett Avenue West Crawley RH10 1BG

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019

Executive Chairman's Statement

It is with pleasure that I present the annual report to shareholders for the year ended 31st March 2019.

The Board is pleased with how the Group has operated in the year to March 2019. Our business strategy remains to establish ourselves as a property investment and development company and I am pleased to report that work during the year has focused on building on the accomplishments to date. The Board is confident that appropriate internal systems and procedures are now firmly in place to support the business as it grows quickly in future.

Our business model is to apply private equity techniques to generate medium to long term counter-cyclical gains for shareholders. This approach includes using proven financial engineering techniques to enhance shareholder returns through financial cycles. The Board believes that the financial markets are heading toward a cyclical down turn in the short to medium term and we have positioned the Group for this change. As such, we plan to create value for shareholders by focusing in the near term on increasing the number and size of our current assets and cash reserves, whilst limiting exposure to debt and management costs. We believe that this approach will position the Group to enhance returns throughout challenging financial markets.

The Group will continue to develop its existing assets with the assistance of premium service providers in order to opportunistically position itself for a rapid growth cycle.

The Board considers that Europe is approaching the end of the current financial cycle and that, consequently, interest rates may rise in the short to medium term. Rises in interest rates are likely to provide opportunities for the Group to expand its portfolio; either directly from highly geared companies seeking to dispose of properties, or from banks seeking to transfer properties following enforcement of security over properties.

The majority of the Group’s capital exposure is in the low volatility German residential market where continued housing shortfalls and low unemployment have been driving demand for new stock. The team at Vordere has in-depth experience in delivering high quality, low cost solutions in this highly profitable segment. The experience of the team allows the Group to prepare for a rapid expansion of our asset base whilst managing costs and enhancing returns on investments.

The Directors believe that the prevailing conditions in the German residential property market continue to present a significant opportunity for the Group. In the short to medium term, the Board will continue to focus on properties that are suitable for residential development. While we have initially focused on investing in properties in Germany, the Board is actively exploring opportunities consistent with its strategy in other countries where we consider such investments or acquisitions will enhance the value of the Group. We seek to acquire or invest in additional properties, in Germany and elsewhere, in order to create an investment and development business of a scale capable of delivering sustainable profits over the long term. Our plans are to hold a core portfolio of properties in Germany, where the market has historically been less volatile, while making opportunistic investments in properties in more volatile jurisdictions as market opportunities arise.

In line with our business model, we intend to fund future growth opportunities with equity rather than debt. We plan to expand our assets and cash in order to position the Group for the changing financial cycle. Our near-term aim is to reach €100m in assets, with a medium term expectation that our collateral will expand past €250m.

Current Portfolio

During the year, the Board reconsidered its stated strategy to dispose of its four German properties, on the basis that returns may be higher if some of the assets were developed, rented out and the income retained. The Board is keen to keep its options as flexible as possible and, towards the end of the financial year, agreed that all properties would be retained as investment properties for rental income and/or long-term capital appreciation. In order to enhance the yield of the German properties, the Group has been assessing the possibility of variation to existing permissions.

Since the acquisition of the German properties, the Board has explored all available options relating to renting, selling and optimising permissions. We have spent a substantial amount of time negotiating with appropriate architects and engineers before committing to the relatively high expenses.

We are now at an advanced stage of negotiating to engage Porr Design & Engineering ("PDE"), a vertically integrated design and engineering company, to commence the design and construction consultancy for the Bamberg and Hanau properties. In relation to the Berchtesgaden and Haag properties, the Board has decided not to seek design and architectural services at this time, due to the construction market being at capacity in Germany, putting pressure on profitability of these small developments.

The Berchtesgaden Property:

Description

A listed hotel and commercial building in Berchtesgaden, a municipality in the German Bavarian Alps. The property was built in the year 1888 and consists of two connected parcels with a total area of 1,990m². The property benefits from 17 parking spaces (including two garage parking spaces). Currently, the property is let to a hotel operator and various commercial tenants.

Current Status

We have worked with a local architect to finalise an offer and planning contract. However, the Board has decided not to proceed with seeking planning permission, whilst all potential options are investigated. Other options currently being considered include developing the property for the purpose of letting residential units; or letting the property to a hotel operator. We are in discussions with several hotel operators regarding the hotel, the lease for which expires in July 2019. We have also instructed architects and engineers to assess the fire risks on site to enable a future letting.

The Hanau Property:

Description

A listed property in Hanau, a market town located in the federal state of Hesse, approximately 28km east of Frankfurt. The former army barracks were built in the year 1930. The property consists of seven adjacent parcels with a total area of 16,437 m². The property comprises thirteen residential buildings of between two to three storeys, a partly extended top floor and 21 garage parking spaces. Most apartments are currently vacant with approximately 27 of the 164 apartments rented. The buildings are currently in a poor state of repair.

Current Status

We have held meetings with the local planning officer and monument protection officer for the local authority to discuss the project. We have received a detailed offer from PDE to carry out full and detailed cost and design work. The Board has agreed that its current architect, Archis, will complete the design and planning application. PDE will supervise this process, which will enable it to monitor all relevant aspects of the project.

We are also considering the quality of the building standard and possibilities to value engineer, as it was deemed the proposed specification was too high for the market. Initial work is being undertaken to prepare the work necessary in order to obtain planning consent on the site.

The Haag Property:

Description

A listed former guest house in Haag, Oberbayern, a municipality in the district of Mühldorf in Bavaria. The property consists of one parcel and has a total area of 1,090 m². The property, constructed in 1850, is arranged over two storeys with an inner courtyard as well as an oriel on the front side. There are no parking spaces on the site. The property is currently vacant.

Current Status

We have worked with a local architect to finalise an offer and planning contract. However, the Board has decided to wait until the local market conditions improve further before authorising the architectural and planning works. Our operational staff will continue to monitor the market conditions relevant to this property. Other options currently being considered include developing the property for the purpose of letting residential units; or letting the property to a commercial operator.

The Bamberg Property:

Description and Acquisition

A listed property in Bamberg, a UNESCO World Heritage city in Bavaria located in Upper Franconia on the river Regnitz. The property consists of an existing derelict building fronting the road and a large plot to the rear fronting the river. The building was constructed in the year 1663 and has a total area of 770m². Currently, the property is in a poor condition and in need of complete refurbishment and is therefore vacant. There are no parking spaces on site.

Current Status

We have been in discussions with a local architect, who has provided a fee proposal to take the project through the planning process to tender stage. In addition, the operational team have been in discussions with PDE to commence the design and construction consultancy, including application for detailed planning consents. Other options currently being considered include developing the property for the purpose of letting residential units; or letting the property to a hotel operator.

The Directors believe that the value of the Bamberg and Hanau Properties can be enhanced by obtaining or improving planning permission to provide various options. This includes permission to allow structural alterations or additions to certain buildings; variation to the number of units of accommodation; a change to the use of part or all of the properties; demolition of part or all of certain buildings; and rebuilding.

Obtaining the relevant planning consent normally takes approximately six to twelve months (although it has been known to take up to three years in rare cases) and will be funded from the Group's existing cash resources.

The properties acquired by the Group have been subject to valuations carried out by Jones Lange LaSalle (JLL), who we view as one of the largest, most efficient and most professional valuations service providers in Germany. During the purchasing phase we worked with both JLL and PDE. As already indicated, PDE is an integrated design and construction company, currently the fourth largest in German speaking Europe and they are well known for their efficiency. Vordere's operating team work with PDE and other well-known service providers to identify various enhancement strategies related to each asset.

Business Overview

I am grateful to my fellow Directors, Stuart Cheek, Brent Fitzpatrick and Graeme Johnson for their continued effort and commitment throughout the year. The Board has also welcomed the valuable input of Max Gallagher, our Chief Operating Officer, who brings extensive experience of residential property valuations and private equity real estate investment. Further details of the Board can be found within the Directors' Report on pages 10 - 20. I would also like to thank the shareholders for their continuing support in our business and I look forward to keeping you updated as we grow.

As our business has continued to grow throughout the year, we have taken the opportunity to build on our internal governance. Further detail on this can be found in the Corporate Governance section of the Director's Report.

The outlook for Vordere for the second half of 2019 must naturally build on the accomplishments of 2018 and early 2019. During the year, the Board has assessed a number of market opportunities, taking these forward where it has been considered appropriate to do so. This has involved the management team undertaking various site visits and carrying out due diligence on each potential project.

We are pleased that the Board has implemented corporate governance systems and procedures suitable to a larger business so that we can grow quickly in the future. In addition, we have developed our German operating systems and procedures, which has allowed us to institutionalise our processes related to development assets.

The approach for the rest of 2019 is to expand the portfolio with further acquisitions in the relatively low volatility markets of Germany having been announced post year end (note 26). We will continue to avoid leverage, gearing and debt as we transition toward the end of the current financial cycle. We expect that political instability in North America and Europe, social instability in Southern Europe, military issues in Asia, and rising commodity prices may destabilise the continued growth of this financial cycle. We also recognise the impact that climate change will have on our business and, as a consequence, are exploring opportunities to reduce the carbon footprint in our developments.

We remain consistent in our strategy to establish ourselves as a property investment and development company. Whilst we are very happy with the direction of the Group, we are not complacent and the Board discusses the market and the risks which may impact our business on a regular basis. Details of how we assess and manage our risks are set out below.

How we manage risk

To help us better understand and manage our risks a robust governance framework is in place. This allows the Board and its Committees to have oversight of the business and to identify and address any areas of potential risk. The Terms of Reference for each Committee can be found on our website, however a summary of the responsibilities of the Board, Audit Committee and Investment Committee is as follows:

Board

- Sets Group strategy
- Establishes and reviews systems of risk mitigation and internal controls
- Ensures appropriate financial controls are in place
- Regularly monitors Group risks and ongoing viability
- Reviews the effectiveness of internal controls
- Reviews Group performance against budget and forecasts
- Approves significant investments, capital projects and contracts

Audit Committee

- Monitors the integrity of the Group's financial reporting process
- Approves the Group's risk policy
- Keeps under review the Group's internal financial control systems
- Monitors the statutory audit
- Determines appropriate control procedures are in place
- Reviews with external property valuators as to their remit

Investment Committee

- Ensures successful implementation of the Group's Investment Strategy
- Assesses performance of the investment portfolio
- Advises the Board on overall investment risk appetite, tolerance and strategy
- Provides oversight of internal managers and third parties involved in an investment

Principal Risks – Identifying what may affect our performance

As indicated previously, the preservation of our cash balances remains a principal risk for the Group and we remain committed to maintaining minimal operational costs to ensure that maximum funds remain available to invest in projects. Maintaining a strong debt-free financial position is fundamental in protecting the Group against adverse changes in economic conditions. Our levels of expenditure are carefully monitored against cash levels to mitigate risk.

As we continue with our work within the real estate sector in Germany, further key risks have been identified such as housing market conditions and the macroeconomic climate. We recognise that an inability of buyers to secure sufficient mortgage finance now or in the future could have an impact on our transaction levels. To help mitigate this risk, we have a broad German geographic exposure and customer mix which reduces the reliance on mortgage availability across the portfolio.

As set out in our Interim Report, should the current relative stability in the German housing market and/or the macroeconomic climate deteriorate, the Group could experience a market with lower sales volumes than anticipated and/or decreases in sales prices/property values. A fall in market volumes and prices could have a material adverse impact on the Group's business, financial condition, results of operations and prospects, and could result in a decline in the value of the Group's portfolio. The Group strategy, as set out to the Board, is to take advantage of a cyclical fall in volumes and prices such that the Group positions itself for a subsequent cyclical upturn. To position the portfolio of assets for future sales, we consider supply, demand, and product positioning of units in each site before acquisition, and regularly throughout a project. Design, product type and product quality are all assessed on a site by site basis to ensure that they meet the expected target market and the expected customer aspirations in that location. When significant development is required to generate returns from existing properties there are operational risks surrounding: the approval of planning permissions; the potential for delays in the approval process; development cost overruns; and delays to the build. The Board has looked to mitigate this risk by putting together a portfolio of properties to be developed with one partner, such that economies of scale can be achieved and where work on properties can be flexed to cope with planning or build issues. Our Chief Operating Officer has been working with our German operations team to consider a suite of sustainable energy solutions and construction efficiencies to position our developments and the internal units with our expectations of future rentals and sales.

Obtaining an accurate valuation of the Group's properties, both prior to acquisition and at annual revaluation, is essential to identifying a write down of property values in a reasonable time and therefore maintaining the Group's balance sheet position.

Economic factors which could adversely impact the Group's business include the availability of credit, increases in inflation, exchange rate and interest rate fluctuations. As well as maintaining a debt-free position as indicated above, our relationships with local and internationally financed Real Estate Investment Trusts (REITs), property companies and investors are diversified to mitigate risk from currency volatility.

The Board recognises and is conscious of the political and economic uncertainty that surrounds the UK's decision to leave the European Union. We have considered the impact of Brexit on our business and, whilst we understand that the uncertainty around trade agreements creates a risk for our Group and all other UK companies operating outside of the UK, we do not consider that Brexit itself creates a principal risk for us due to our current business model and strategy. We do not therefore anticipate a significant operational impact on the Group. We understand that there could be changes in regulation and/or legislation as a result of Brexit but the potential changes and impact of any such changes will remain unknown for some time. For now, we will continue to monitor and evaluate any potential areas of risk as they are identified but do not feel it would be prudent or appropriate to undertake any scenario planning or contingency planning around Brexit. We are open to opportunities that may avail themselves to us because of Brexit, such as the possibility of overseas investors and the potential to streamline regulation around doing business in the UK.

Further information about the Group's financial risks are detailed in note 24.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2016, the Directors have considered the prospects of the Company over a three-year period in line with our business planning. This is a longer period than the 12 months required by the “Going Concern” statement which is set out on page 17.

Our business plan details information about our forecasted revenues, profit, cash flow, debt position and other key financial information. As well as assessing our current position, the Board recognises the risks to our business (as indicated above) and the potential impact of them on the future development of the Company, and we understand and recognise the cyclical nature of the markets in which we are operating.

Taking all of this in to consideration, the Board has a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due over the three-year period of assessment. In making this statement the Company has undertaken stress testing of the assumptions, whereby viability continues to be supported on the basis that it could successfully dispose of the property assets currently held in Germany, if needed, and will be able to make further investments in property either in Germany or other suitable markets.

Business Performance

Due to the relative simplicity of the business, the Board does not formally consider key performance indicators. It does however monitor cash balances and property valuations on a regular basis. The Board will re-consider the value in using financial key performance indicators to measure performance in the business at least annually.

At the year end we had £5.646m cash (2018: £7.840m), no debt (2018: nil) and continue to keep administration costs to a minimum so that maximum funds can be dedicated to the implementation, review of and potentially investment in, suitable projects. The Company holds two loan receivables equal in total to £2.0m (after provision for expected credit losses) earning 7% annualised income.

The Group’s loss for the year was £2,586,891 (2018: loss of £4,157,230 as restated see note 2.2 and 27). These costs principally apply to fixed operating costs: directors salaries, staff and operations, offices, administration, accounting and auditing, legal, professional services related to Group companies and tax. A portion of our costs relate to architecture, design and repair of properties.

The number of individuals employed by the Group during the year was two: the Executive Chairman and the Chief Operating Officer. Both are male, as are the three non-executive directors. There are no females employed by the Group. The Board is evaluating its approach to improving diversity. This report does not contain any further information in relation to the Company’s employees.

This review does not contain information regarding the impact of the business on the environment, or the social and community issues surrounding the Group.

This report was approved by the board on 30 July 2019 and signed on its behalf.

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Nicholas W. Hofgren
Executive Chairman

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the financial statements for the year ended 31 March 2019.

Business review

As explained in the 2018 Annual Report, we were successful in completing our planned acquisitions in July 2017 via four limited partnerships. As at 31 March 2018, the properties had an aggregate market value of £15,972,451 (€18,190,000) and we planned to obtain or improve planning permissions on each property in order to further enhance their value prior to disposal. Since then, we have reconsidered the treatment of the properties and agreed that properties would be retained as investment properties for long-term capital appreciation. The latest valuation of the properties, undertaken by Jones Lang LaSalle in March 2019, remained at €18,190,000 which translated to £15,586,442 at the year end exchange rate.

We have engaged PDE to assist and advise our operating team with the enhancement of the properties. We are now at an advanced stage of the negotiation process with PDE and the Group's operating team in Germany continues to collaborate with PDE to optimise the costs related to development. The Investment Committee is exploring terms for potential acquisitions, mainly in Germany, but is also considering opportunities in other, more volatile jurisdictions, as market opportunities arise.

The Company's issued share capital has remained stable over the year with 199,750,418 ordinary shares in issue at 31st March 2019. Since the year end the Company has issued 277,931,954 new ordinary shares as outlined in note 26.

Directors and their interests

The Directors who served during the year, and their interests, are as stated below:

	At 1 April 2018 *No of ordinary shares*	*At 31 March 2019* *No of ordinary shares*
Nicholas Hofgren	-	-
Graeme Johnson	-	-
Nigel Fitzpatrick	-	-
Stuart Cheek *	*78,163*	*78,163*

* shares held by FundsDirect Nominees Limited (31 March 2018: shares held by Rock (Nominees) Limited).

Mr Hofgren and Mr. Cheek are co-founders of GFG - UK - Limited ("GFG") and GFG Funds PCC Limited ("GFG Fund"). GFG is a privately owned, independent investment management and investment banking firm that manages, inter alia, GFG Fund Limited. GFG negotiated a Reverse Take-Over of the Company on 3 October 2016 and continues to provide advisory services to the Company in connection with potential offers, private placements, credit facilities, acquisitions and disposals.

Mr Hofgren and Mr Cheek have a beneficial interest in the Company's shares held by GFG Limited, but have no interest or control over the shares held by GFG Property Fund Limited (either directly or through its nominee company The Bank of New York (Nominees) Limited). At the year end GFG Limited had an interest in 4,149,740 shares representing 2.08% of the year end issued share capital (through a nominee company - Huntress (CI) Nominees Limited).

Since the year end there have been no changes to the shares held directly by the Directors, but GFG Limited holds 10,643,477 shares as at the date of these financial statements, which represents 2.23% of the total issued share capital.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Substantial shareholdings

At the date of this report, the Directors were aware of the following shareholdings in excess of 3% in the Company's issued share capital:

	Number of ordinary shares	*Percentage of issued ordinary share capital* %
Truva Services Limited (Nominee Account 1001)	*95,933,093*	*20.08*
GFG Property Fund Limited	*89,078,092*	*18.65*
The Bank of New York (Nominees) Limited	*47,213,438*	*9.88*
Truva Services Limited (Nominee Account 1002)	*37,239,513*	*7.80*
Mr John O'Donnell	*35,281,764*	*7.39*

Director Biographies

The Board currently comprises four Directors, all of whom have extensive experience in investment, corporate finance and project assessment regionally and internationally and are well-placed to implement the Group's business objective and strategy. Any further appointments to the Board would be made after due consideration to the Company's resources, the Company's requirements, the availability of candidates with the requisite skills and, where applicable, depth of sector experience. The Board has planned an evaluation process for 2019 in which it will review the existing skill-set and experience of each Board member to identify any gaps in the context of the anticipated future growth of the Company.

Nicholas Hofgren
Executive Chairman of the Board and Chair of the Investment Committee
Appointed to the Board: 15 November 2016

Mr Hofgren is a British and US citizen. He has experience in securities, real estate and private equity. He started his career by joining the launch of an investment bank in Miami and Lima. There he restructured eleven companies over five years in the FMCG, transportation, communications and manufacturing sectors. Later he was hired by Bank of America to develop a new business, which was sold to JP Morgan Chase, heading EMEA and building a platform for raising private equity and real estate funds. He was hired as Managing Director in 2004 at Brunswick UBS, during which time he formed businesses for the shareholders including freight stock leasing, property development and eventually selling of the oldest Russian hedge fund. He was hired as CIO of Immo Industry Group in 2007, where he led the formation of private funds and the building of new logistics facilities for leading companies across Europe. He was a partner of Tangent Ventures from 2008-2013, advising on restructuring a portfolio of nine companies including the world leader in electrical submergible pumps for oil extraction.

Mr. Hofgren has been a Board member since 2010 of Prince Street Group funds, a leading frontier markets hedge fund manager with ~$2b AUM. Since 2011 he has been a member of the development committee of the Prince's Teaching Institute, a charity organized by the Prince of Wales. He is a founder in Westly House, which secured the sale of a significant European wind farm and also launched the first Russian mezzanine fund. Mr. Hofgren is the founder and a Board member of GFG and GFG Fund. Mr. Hofgren has successfully led several MiFID main Board securitizations at GFG. He is a Board director of TLG Capital, a leading African private equity fund in the SME sectors.

Graeme Johnson
Non-Executive Director, Chair of the Audit Committee and member of the Nominations Committee
Appointed to the Board: 15 November 2016

Graeme Johnson moved to Germany after the fall of the Berlin Wall to train and work as an auditor with KPMG, auditing companies on both sides of the former border of East and West. He worked also for the Boston Consulting Group in Germany and then completed an MBA at Harvard Business School before continuing on into a variety of international roles that have been focused around professional investing.

Notably, Mr. Johnson served on the 4-person Global Private Equity Investment Committee for Deutsche Bank as Managing Director, Head of Europe, in the Private Equity Group. Prior to being recruited to Deutsche, Mr. Johnson was a member of the Management Committee at LGT Capital Partners, belonging to the family office for the Princely Family of Lichtenstein. He has served on the Advisory Committees of numerous funds around the world and closed and participated in investments of over $2bn. Mr. Johnson earned a BA, Scholars Elective, at Western University in Canada and holds the Chartered Financial Analyst (CFA) designation. He has developed full professional working proficiency in French, Spanish and German through many years of dedication and effective cross-cultural work.

Nigel Brent Fitzpatrick MBE
Non-Executive Director, Chair of the Remuneration Committee and Nominations Committee, and member of the Audit Committee
Appointed to the Board: 21 March 2012

Mr Fitzpatrick has over 20 years' experience as a corporate finance consultant. In the last 15 years he has been instrumental in advising a number of companies on their acquisitions, funding and subsequent flotations. Mr Fitzpatrick was Chairman of Global Marine Energy PLC, a listed oil services company. He is currently Chairman of RiskAlliance Group Ltd and Aboyne-Clyde Rubber Estates of Ceylon Limited. He is a member of the Audit Committee Institute. In the Queen's Birthday Honours List 2012, Mr Fitzpatrick was awarded an MBE for services to education.

Stuart Cheek
Non-Executive Director and member of the Remuneration Committee and Investment Committee
Appointed to the Board: 23 October 2017

Stuart Cheek has over 35 years' experience in the financial services sector, especially in sales and marketing, operating in regulated securities trading in the UK. He began his career on the floor of the London Stock Exchange and then the London International Financial Futures Exchange. He later became one of the original partners at Cantor Fitzgerald where he ran the Sterling Bond Division before moving into Investment Banking.

He spent over 12 years at UBS and then Santander as Managing Director and Head of UK Institutional Sales, where he was responsible for overseeing and integrating sales and relationship management across various asset classes. At Santander he was responsible for creating, marketing and launching the Santander Gilt Edged Market Making operation and liaising with the Bank of England. Mr Cheek has also worked as a partner, Managing Director and Head of UK Government Bonds at BGC Partners, where he ran and grew the government bonds desk and ancillary sterling products. He also appeared on financial segments on Bloomberg, CNN, SKY news and BBC.

Mr Cheek is also founder and director of his own financial consultancy company called Randall Duke Ltd.

In accordance with best practice, all our non-executive Directors have letters of appointment with specified terms which provide that each is subject to re-election by rotation and statutory provisions relating to the removal of a director.

Mr Fitzpatrick is the longest serving member of our Board, having been appointed in 2012. We acknowledge that the UK Corporate Governance Code provides for rigorous review of all non-executive directors whose term extends beyond six years. As a board we have discussed and believe that, whilst it is important for the board membership to be periodically refreshed, at this stage in the Group's development, Mr Fitzpatrick's knowledge, experience and contribution to the Board is significant and valuable to the Group's continued growth. The Board has assessed that he remains independent in character and judgement and is able to constructively challenge the Group as a whole, and we would wholly support the resolution that is due to be voted on at the upcoming general meeting which calls for his re-election to the Board.

The Company's Articles of Association require one third of directors to retire from office at each annual general meeting. However, in line with best practice, at the annual meeting all Directors of the Company will retire on rotation and be subject to shareholder re-election. At the 2018 Annual General Meeting, all Directors were re-elected by unanimous shareholder vote. Copies of all letters of appointment are held at the Company's registered address and are available for inspection there and at the Company's annual general meeting.

Strategic decisions

The Board provides leadership within a framework of appropriate and effective controls. The Board has overall responsibility for setting the Group's strategic aims, defining the business objectives, managing the financial and operational resources of the Group and reviewing the performance of the officers and management of the Group's business.

Further details of our corporate governance work can be found below.

Financial risk management

The Group has a simple capital structure and its principal financial assets are cash and loan receivables. The Group has exposure to market risk and currency risk which are noted and discussed on page 8, and the Directors manage its exposure to liquidity risk by maintaining adequate cash reserves.

Further details regarding risks are detailed in note 24 to the financial statements.

Political contributions

During the period the Company made no political donations (2018: £nil).

Corporate governance

As a company listed on the Standard Segment of the Official List of the UK Listing Authority, the Company is not required to comply with the provisions of the UK Corporate Governance Code and has therefore not adopted the code. However, the Board recognises the benefits of adopting a best practice approach to corporate governance and therefore adopts certain principles of the UK Corporate Governance Code insofar as it is proportionate and appropriate to do so. The Board acknowledges that the UK Corporate Governance Code was updated in July 2018 and, as such, commissioned a review of its current governance arrangements. The Board will consider the results of this review, and the necessity of any changes to its governance structure required as a result.

The roles of Chairman and Chief Executive are currently both performed by Mr Hofgren. At this stage of the Group's size, scope, and stage of development, the Board does not consider it appropriate to split the roles. However, the Board does consider that there is a clear division of responsibilities for Mr Hofgren between the running of the Board and the running of the Group's business.

The Board has also reconsidered the appointment of a senior independent director. Again, at this stage of the Group's size, scope, and stage of development, it was not felt to be appropriate, however the Board recognises this is a requirement of the UK Corporate Governance Code. The Board will keep the matter under review as the business develops further.

As part of the implementation of a comprehensive Corporate Governance structure in 2017, we introduced a schedule of matters reserved for the Board details of which are set out below:

Matters Reserved for the Board

The Board as a whole continues to have responsibility for overall leadership of the Group and for approving the strategic aims and objectives of the business. In addition, the Board is responsible for:

- Approving annual budgets and financial reporting, including the annual and half-year results and interim management statements
- Approving major acquisitions, disposals and capital expenditure
- Approving contracts, contract tenders and bid submissions above specified values or of an unusual nature or complexity
- Ensuring the necessary financial and human resources are in place to achieve objectives and review management performance
- Setting the Group's values and ethical standards
- Approving policies and systems for risk management and assurance
- Any changes relating to the Group's capital or corporate structure
- Ensuring dialogue with our shareholders is maintained and approving external communications
- Changes to the structure and composition of the Board and its committees

Vistra Company Secretaries Limited (Vistra) were appointed as Company Secretary to the Board in 2017 and attend all Board and Committee meetings. Minutes are produced of all meetings, and all Directors have access to the advice and services of Vistra, as well as access to independent professional advice if required. Computershare were appointed in 2017 as the Company's registrar and also act as receiving agent.

In fulfilling their responsibility for approving policies and systems for risk management and assurance the board has conducted a review of the effectiveness of the company's risk management and internal controls systems. This involves reviewing risk management and internal control reports from management to the board and evaluating the nature of the internal control findings reported as part of the external audit.

The process for preparing consolidated accounts is controlled by the third party providing finance function services to the Group. They have a team that prepares the consolidation from the books and records, but use a separate team to review the consolidation and prepare the consolidated financial statements. The consolidated financial statements are also subject to various levels of reviews by management, the board, the audit committee and the external auditor.

Board Committees

The Board has four committees – Audit, Investment, Nomination and Remuneration. Details of the matters which were considered by the Committees during the year are outlined below:

Audit

The Audit Committee monitors and reviews the integrity of the financial statements, the relationship with the external auditor, and the Group's internal operational procedures and risk management processes.

During the year the Committee considered the accounting treatment of the German properties and, towards the end of the year, approved management's recommendation that they be treated as investment properties rather than as development properties. In addition, the Committee also considered the risk of management's override of controls, the recognition of deferred tax assets, the format for quarterly management financial information, compliance with GDPR requirements and the approach for a documented formal control process for determining the ongoing classification of each of the properties as investment properties or inventory.

Due to the size and business model of the Group, there is currently no internal audit function in the business. A review of this matter has been included within the Audit Committee's annual calendar to ensure that the decision is reconsidered on an annual basis. The Audit Committee consider that the use of a third party service provider, as a key element of the bookkeeping and finance function, adds an additional level of quality assurance and independence from management, which also add support to the fact that an internal audit function is not required at present. Internal assurance is achieved by review of the output from the third party service provider, in the form of management accounts and through review during the six monthly reporting processes. During the year the Board appointed a third party consultant to assist with the six monthly reporting processes, reporting to the Board and Audit Committee on technical financial accounting matters and assisting with oversight of internal controls and risk management processes. The external auditor reports to the Audit Committee on their audit findings, which include observations on potential weaknesses in internal controls, which the Audit Committee uses, along with reports from management, to assess the performance of the third party service provider.

The Audit Committee are responsible for the relationship with the external auditor. The auditor first reported on the financial statements of the Group for the year ended 31 March 2014 and therefore the Audit Committee intend for the audit to be put out to tender in advance of the audit of the year ending 31 March 2024, in accordance with best practice. The Audit Committee review the performance of the external auditor at each half year and undertake a full review on an annual basis as part of each year end audit process. The Board have accepted the Audit Committee's recommendations in relation to the re-appointment of the auditor. The external auditor reports their fees to the Audit Committee as part of the audit planning process and at the audit's conclusion. The Audit Committee review the quantum and nature of any non-audit services provided by the auditor in order to consider any impact on the independence of their audit. During the year the auditor has only undertaken non-audit services that are permissible under their Ethical Standards. The non-audit fees were a significant proportion of the audit fee in the current year due to Reporting Accountant work completed on the Prospectus to be issued after the reporting date (see note 26).

Investment

The Investment Committee assists the Board in considering investment opportunities in respect of properties and to approve acquisitions, disposals and capital expenditure. The terms of reference provide that the committee will meet at least four times a year. However, given the Group's size scope and stage of development the Group, the management team overseeing the current properties shares its findings directly with the Board. It is expected that, once the portfolio expands, this will require a segregation of the Investment Committee activities from the activities of the Board. The Board and the Investment Committee are invited to join the weekly meetings of the executive team summarising weekly operations and targets.

Remuneration

The main responsibility of the committee is to create and implement a remuneration policy, under which the Company will determine the pay of any executive directors. The terms of reference provide for this committee to meet at least once a year. However, given the Group’s size, scope, and stage of development the Group does not currently offer performance-related remuneration. Given that the Group does not have performance related remuneration, and there were no changes to the shareholder approved Remuneration Policy, the committee did not meet during the year.

Nomination

The Nomination Committee evaluates the balance of skills, experience, independence and knowledge of the Board. The terms of reference provide for this committee to meet at least once a year. The Board has planned an evaluation process for 2019 in which it will review the Board’s current obligations, the existing skill set and experience of Board members, the ongoing suitability of the Board to manage the Board’s future obligations and growth, diversity, succession and other matters related to the context of the Board’s efficacy. Subject to the outcome of the Board evaluation, the Nomination Committee will lead the process for any appointments to the Board. The committee did not meet during the year.

A full copy of the Schedule of Matters Reserved for the Board and all committee terms of reference can be found on our website, www.vordere.com.

Towards the end of the financial year, the Board agreed to undertake a review of the effectiveness of the Board and its Committees and will report on the outcome in the next Interim Report. As the Company is currently headed by an Executive Chairman, the Company has not adopted principle A.4.2 whereby the Chairman would meet with non-executive directors without the executives being present.

In future, as new members join the Board, a full, formal and tailored induction to the business, in accordance with Principle B.4.1 of the Corporate Governance Code, will be arranged.

Board and Committee Attendance

	Board	Investment	Audit	Remuneration	Nomination
Nicholas Hofgren	8/8	1/1	-	-	-
Graeme Johnson*	8/8	-	6/6	-	-
Nigel Fitzpatrick*	8/8	-	6/6	-	-
Stuart Cheek	8/8	1/1	-	-	-

*Denotes member of Audit Committee

Qualifying Indemnity Insurance

Directors and officers of the Company have the benefit of a directors and officers liability insurance policy which provides appropriate cover in respect of legal actions brought against its directors.

Executive Director Commitments and Remuneration

Mr Hofgren’s other significant commitment is as a director to GFG Funds PCC Limited, the single largest shareholder in the Company at the year end. During the year there were no changes to Mr Hofgren’s significant commitments.

Mr Hofgren is a non executive director of Prince Street funds, for which he receives an annual fee of $40,000 per annum. He is also an executive director at GFG Limited but does not receive a fee. Mr Hofgren does not receive any other fees as a non executive director.

Share Capital and voting rights

The Company’s authorised, allotted and called up share capital at the year-end is £3,995,008.36 divided into 199,750,418 ordinary shares of 2p each. Each ordinary share has full voting rights.

For latest total voting rights:
http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/VOR/13587754.html

The single largest single shareholder in Vordere plc at the year end was GFG Funds PCC Limited. Stuart Cheek and Nicholas Hofgren act as a liaison between shareholders of Vordere plc and represent the interest of GFG Funds PCC Limited. It is expected that, as the shareholder base diversifies, the Board will develop a more proactive role in engaging with new shareholders.

Directors’ Authority

At the Company’s Annual General Meeting held on 29 August 2018, Directors were authorised by shareholders to allot up to an aggregate nominal amount of £1,331,669 of issued share capital in the Company and to allot shares up to an additional aggregate nominal amount of £5,331,669 of issued share capital in the Company. Shareholder authority was given for Directors to disapply pre-emption rights for these allotments until the conclusion of the Company’s next Annual General Meeting.

At a General Meeting of the Company held on 8 March 2019, Directors were granted further authority by shareholders to allot shares such that the total authority comprises up to a further 900,000,000 equity securities. Shareholder authority was given for the Directors to disapply pre-emption rights for these allotments until the conclusion of the Company’s next Annual General Meeting.

Going concern

The Company’s activities, together with the factors likely to affect its future development and performance, the financial position of the Company, its cash flows and liquidity positions have been considered by the Directors and disclosed in our Strategic Report and Financial Statements. Current market conditions have also been considered by the Board.

The Directors believe that the Company is well placed to successfully manage its business risks, and that the Company has, with its strong cash balances and future acquisitions in equity, adequate resources to continue in operational existence for the foreseeable future. Commitments to develop properties will only be undertaken once project cash flows are approved by the Board, to ensure that cash reserves or sources of new finance are in place, such that the Group remains a going concern. Accordingly, they consider it appropriate to adopt the going concern basis in preparing these financial statements.

Carbon emissions

The Company is currently operating with minimal employees and, therefore, has minimal carbon emissions. It is not practical to obtain emissions data relating to the Group’s activities at this stage in the Group’s size, scope, and stage of development. However, this decision will remain under review.

Post year end events

Share issue and property purchase

On 12 June 2019, the Company announced that it had signed binding agreements to acquire six properties in Germany, for a total purchase price of €59,290,000 (the “Acquisition Agreements”), in accordance with its published investment strategy. The six properties, valued by Jones Lang LaSalle, in combination represent an estimated Gross Development Value of €492,310,000 and an estimated Gross Development Profit of €52,955,275. The consideration for the properties under the Acquisition Agreements was to be satisfied by the issue of new ordinary shares in the Company.

On 4 July 2019, the Company announced that it had allotted 277,931,954 new ordinary shares (the “Consideration Shares”), as outlined in the Acquisition Agreements, of nominal value £0.02 in the capital of the Company (the “Share Allotment”) by way of the issuance of certificated shares which are not open to trading on any clearing system. Accordingly, at the Company's request the listing of its ordinary shares has been suspended pursuant to Chapter 5 of the Listing Rules.

The Company intends to seek approval of a prospectus pursuant to the Listing Rules and the Prospectus Rules (the "Prospectus") and make an application for the Consideration Shares to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities (the "Application"). The Application is dependent upon the approval and publication of the Prospectus.

The Company's total issued share capital prior to 4 July 2019 was 199,750,418 shares of nominal value £0.02. Following the Share Allotment, the issued share capital is 477,682,372 shares. The Company does not hold any Ordinary Shares in Treasury other than 10,426,780 Ordinary Shares which shall be held in Treasury pending completion of conditions in respect of one acquisition agreement, as set out in the Prospectus. The total voting rights are therefore 467,255,592 shares as at 4 July 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the consolidated financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and parent financial statements for each financial year.

Under that law the Directors are required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 101 “Reduced Disclosure Framework”).

Under company law the Directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period.

In preparing the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

To the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
- the annual report, including the strategic report, includes a fair, balanced and understandable review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face to allow shareholders to assess the Company's position, performance, business model and strategy.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors to the Company will be put to the members at the annual general meeting.

This report was approved by the board on 30 July 2019 and signed on its behalf.

....
Nicholas W. Hofgren
Executive Chairman

DIRECTORS' REMUNERATION REPORT
FOR THE YEAR ENDED 31 MARCH 2019

Directors' Remuneration Report

This remuneration report sets out the Company's policy on the remuneration of executive and non-executive directors together with details of the Directors' remuneration packages and service contracts for the financial year ended 31st March 2019.

The first part, is the Annual Remuneration Report which details remuneration awarded to directors and non-executive Directors during the year. The Annual Remuneration Report will be proposed as an ordinary resolution to shareholders at the Annual General Meeting in September 2019.

The second part is the Remuneration Policy Report which details the remuneration policy for the Directors. This policy was approved by a binding vote by shareholders at the Annual General Meeting in September 2017 and will apply for a 3-year period commencing 13th September 2017.

The Remuneration Committee has responsibility for reviewing the scale and structure of the Directors' fees, taking into account the interests of the shareholders and the performance of the Company and Directors. As at the date of this report, the Company has not adopted (a) principle B.4.2 of the Corporate Governance Code which provides that the Chairman should regularly review and agree with each Director their training and development needs; and (b) principle B.6.1, which requires the Company to disclose how the Board and its committee performance has been evaluated. The Board anticipates that the Nomination Committee will support them in meeting these principles in the future.

The Remuneration Committee will recommend and monitor the level of remuneration of senior managers in the business, as well as setting remuneration for any executive directors and the Chairman.

Annual Remuneration Report

<u>Audited Information</u>

Director's Remuneration

The table below sets out the remuneration of the Directors for the year ended 31 March 2019, together with the salary and fees for the previous year ended 31 March 2018.

	Executive Director	Non-Executive Directors		
	Nicholas Hofgren	Nigel Fitzpatrick	Stuart Cheek	Graeme Johnson
	£	£	£	£
Salaries and Fees				
2019	***36,000***	***25,000***	***25,000***	***25,000***
2018	*39,173*	*25,000*	*10,417**	*25,000*
Bonuses				
2019	**-**	**-**	**-**	**-**
2018	-	-	-	-
Benefits				
2019	**-**	**-**	**-**	**-**
2018	-	-	-	-
Pensions				
2019	**-**	**-**	**-**	**-**
2018	-	-	-	-
Notional value of vesting share options				
2019	**-**	**-**	**-**	**-**
2018	-	-	-	-
Total at 31 March 2019	***36,000***	***25,000***	***25,000***	***25,000***
Total at 31 March 2018	*39,173*	*25,000*	*10,417**	*25,000*

**pro-rata/appointed during the year*

DIRECTORS' REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Mr Fitzpatrick was appointed as a non-executive director of the Company on 21st March 2012 and his services are provided to the Company pursuant to a non-executive letter of appointment between Ocean Park Developments Limited and the Company. The most recent Letter of Appointment is for three years with effect from 1st April 2017 and provides that a fee of £25,000 per annum is paid for Mr Fitzpatrick's services.

Mr Johnson was appointed as a non-executive director of the Company on 15th November 2016 and his services are provided to the Company pursuant to a non-executive letter of appointment between Granite and Pine Investments International Limited and the Company. The most recent Letter of Appointment is for three years with effect from 15 November 2016 and provides that a fee of £25,000 per annum is paid for Mr Johnson's services.

Mr Cheek was appointed as a non-executive director of the Company on 23rd October 2017 and his services are provided to the Company pursuant to a non-executive letter of appointment for a three year term with a fee of £25,000 per annum for Mr Cheek's services.

Mr Hofgren was appointed as Director of the Company on 15th November 2016 and his services were previously provided to the Company under a non-executive letter of appointment. On 8th June 2017, the Company entered into a Service Agreement with Mr Hofgren for his role as Chief Executive of the Company. Under this arrangement, Mr Hofgren is paid an annual salary of £36,000.

Share options

No share options are in issue.

Payments to former Directors

No payments were made to former Directors in the year ended 31st March 2019.

Payments for loss of office

No payments for loss of office were made in the year ended 31st March 2019. All Directors' letters of appointment specify that, on termination, directors will only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred before that date.

Directors and their interests

The Directors who served during the year, and their interests, are as stated below:

	At 31 March 2018	At 31 March 2019
	No of ordinary shares	No of ordinary shares
Nicholas Hofgren	-	-
Graeme Johnson	-	-
Nigel Fitzpatrick	-	-
Stuart Cheek	78,163	78,163

DIRECTORS' REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

In addition to the interests in shares noted above, on 3rd October 2016, the Company granted a warrant over ordinary shares to GFG Limited, a company in which both Messrs Hofgren and Cheek are directors. The warrant allows GFG Limited to acquire up to 5% of the share capital of Vordere PLC (after taking into account shares issued as a result of exercising the warrants). The warrants are exercisable for a period of 5 years from the date of grant for an exercise price of £0.15.

There have been no changes to the shares held directly by the Directors since the year-end, other than indirect holdings as disclosed on page 10.

The Articles of Association do not require a director to hold any share qualification.

The Directors do not intend that there will be any changes to the way the shareholder-approved Remuneration Policy will be implemented during the financial year ending 31 March 2020. However, the Board will give consideration to refreshing the Remuneration Policy during 2020, ahead of its approval at the 2020 Annual General Meeting.

__Unaudited Information__

Remuneration of the Executive Chairman over the last six years

Year	Executive Chairman	Executive Chairman single total figure of remuneration	Annual bonus payout against maximum opportunity	Long-term incentive vesting rates against maximum opportunity
		£	%	%
Mar-19	Nicholas Hofgren	36,000	-	-
Mar-18	Nicholas Hofgren	39,173	-	-
Mar-17	Nicholas Hofgren	6,668	-	-
Mar-17	Anthony Brennan	7,980	-	-
Mar-16	Anthony Brennan	15,000	-	-
Mar-15	Anthony Brennan	15,000	-	-
Mar-14	Anthony Brennan	15,000	-	-

Percentage change in Remuneration of Executive Chairman

	Executive Chairman			Employee Pay		
	2019	2018	% change	2019	2018	% change
	£	£		£	£	
Base salary	36,000	36,000	0%	70,000	14,359*	0%
Benefits	-	-	-	-	-	-
Annual Bonuses	-	-	-	-	-	-

**pro-rata/appointed during the year*

The Company does not have a Chief Executive, so the table includes the equivalent information for the full-year base salary of the Executive Chairman, Nicholas Hofgren.

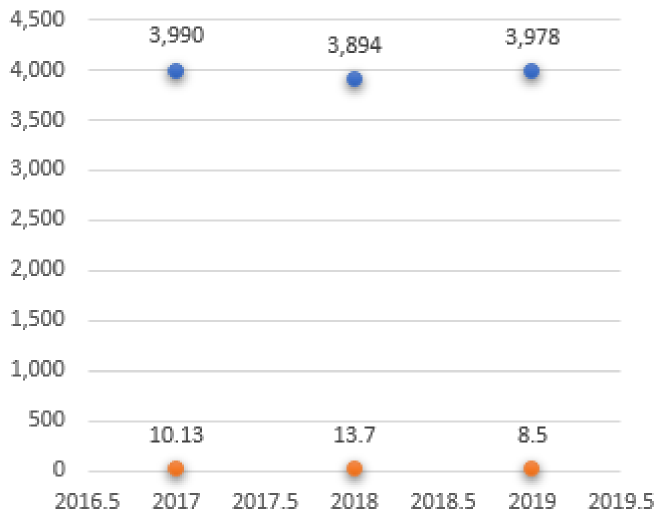
Relative importance of spend on pay

The total expenditure of the Company on remuneration to all employees is shown below:

	2019 £	2018 £
Employee remuneration	70,000	14,359
Distribution to shareholders	-	-

Total Shareholder Return

The following table includes a performance graph comparing, over the last three financial years, the total shareholder return of an ordinary share in Vordere plc against the total shareholder return of the FTSE All-Share index.



Remuneration Policy

The remuneration policy below is the Company's policy on Directors' remuneration, which was approved by a binding vote at the 2017 Annual General Meeting. The policy took effect from 13th September 2017.

In setting the policy, the Board has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company
- The Company's general aim of seeking to reward all employees fairly according to the nature of their role and their performance
- Remuneration packages offered by similar companies within the same sector
- The need to align the interests of shareholders as a whole with the long-term growth of the Company
- The need to be flexible and adjust with operational changes throughout the term of this policy

The result of the advisory vote on the Directors' Remuneration Report by shareholders at last year's Annual General Meeting is set out below.

% of votes for	% of votes against	% of votes withheld
100	-	-

Future Policy Table

Element	Purpose	Policy	Operation	Opportunity and performance conditions
		Executive Directors		
Base salary	To award for services provided	The remuneration of Directors is based on the recommendations of the Chairman and comparison with other companies of a similar size and sector. Any Director who serves on any committee, or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors may determine.	Paid monthly and will be reviewable in 3 years from date of admission.	The total value of Executive Directors' fees that may be paid is limited by the Company's Articles of Association to £100,000 per annum.
Pension	N/A	Not awarded	N/A	N/A
Benefits	N/A	Not awarded	N/A	N/A
Annual Bonus	N/A	There is no element of remuneration for performance.	N/A	N/A
Share Options	N/A	Not awarded	N/A	N/A

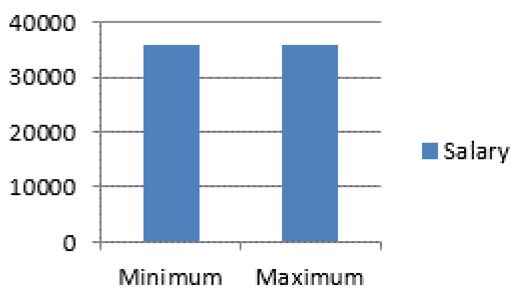
DIRECTORS' REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Non-executive Directors				
Base salary	To award for services provided	The Board as a whole determines the remuneration of non-executive directors based on the recommendations of the Chairman and comparison with other companies of a similar size and sector. There is no element of remuneration for performance. Any Director who serves on any committee, or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors may determine.	Paid monthly and reviewable in 3 years from date of admission.	The total value of Non-executive Directors' fees that may be paid is limited by the Company's Articles of Association to £100,000 per annum.
Pension	N/A	Not awarded	N/A	N/A
Benefits	N/A	There is no element of remuneration for performance.	N/A	N/A
Share Options	N/A	Not awarded	N/A	N/A

Notes to the Future Policy Table
The Directors shall also be paid by the Company for all travelling, hotel and other expenses as they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

Remuneration Scenario for Executive Directors

Nicholas Hofgren
An indication of the possible level of remuneration that would be received by Mr Hofgren as the Company's only Executive Director in the year commencing 1st April 2019, in accordance with the Directors' remuneration policy is shown below:



Notes
Subject to the base salary cap of £100,000 there is no additional performance related remuneration, so Mr Hofgren will receive his fixed salary of £36,000 per annum.

DIRECTORS' REMUNERATION REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Approach to recruitment remuneration

All appointments to the Board are made on merit. The components of a new director's remuneration package (who is recruited within the life of the approved remuneration policy) would comprise base salary, as outlined above, and the approach to such appointments is detailed in the future policy table above. The Company will pay such levels of remuneration to new directors that is not excessive in the opinion of the Remuneration Committee, and which would enable the Company to attract appropriately skilled and experienced individuals.

Service Contracts

The Executive Director has a service contract in place and the Non-Executive Directors are contracted under letters of appointment with the Company, and do not have a contract of employment with the Company. None of the Directors are entitled to receive compensation for loss of office; they are all appointed on rolling three year contracts, which are subject to termination at one month's notice on either side, and are subject to annual re-election in accordance with the Company's articles of association. The letters of appointment are kept at the Company's registered office.

Policy on payment for loss of office

It is the policy of the Company to appoint Directors without extended terms of notice which could give rise to extraordinary termination payments.

Consideration of employment conditions elsewhere in the Group

In setting this policy for Directors' remuneration the Board has been mindful of the Group's objective to reward all employees fairly according to their role, performance and market forces. However, as the Group currently only has one employee (aside from the Executive Chairman), it has not been able to consider the pay and employment conditions of other employees within the Group, nor has any consultation been undertaken with employees in drawing up the policy as a result. The Board has also not used any formal comparison measures.

Consideration of shareholder views

An ordinary resolution for approval of this policy was put to shareholders at the Annual General Meeting on September 2017.

Approved by

Nigel Brent Fitzpatrick
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VORDERE PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Vordere Plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 March 2019 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting standard 101 ‘Reduced Disclosure Framework’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion the:

- the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2019 and of the group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the group and the parent 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 public interest 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VORDERE PLC

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 group's or the parent 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.

GrantThornton

Overview of our audit approach

· Overall materiality: £353,000, which represents 1.5% of the Groups total Assets

· Key audit matters were identified as the valuation of investment property and the presentation and disclosure of investment property in the financial statements; and

· We performed full scope audit procedures over the financial statements of Vordere Plc. We performed targeted procedures on the balances and transactions within the financial information of the subsidiary companies that we determined were material to the group financial statements, in particular the investment properties held within the group's subsidiaries

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) that we identified. These matters included those that 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.

Key Audit Matter - Group	How the matter was addressed in the audit – Group
Valuation of investment property The Group's investment properties are measured and held on the statement of financial position at fair value. There is a risk that investment properties are not recorded in the financial statements at an appropriate fair value. The Group engaged an external third-party professional valuer to establish the fair value of the properties at 31 March 2019. Such valuations, by their nature, include a number of assumptions and estimates which can have a material impact on the resulting valuation. These assumptions and estimates can be highly judgemental. We therefore identified a risk that the investment properties are not held at an appropriate value within the financial statements as a significant risk which was one of the most significant assessed risk of material misstatement.	Our audit work included, but was not restricted to: • obtaining the valuation reports, which formed management's assessment of the fair value of the properties, from their valuation experts; • including a property valuation specialist within our audit team who, by applying his expertise, critically considered the valuation methodologies and key assumptions inherent within the valuation reports and where possible, verified those key assumptions to external information; and • holding a direct conversation with management's valuation experts to enquire into the valuer's assumptions and methodology and considering the appropriateness of their responses. The group's accounting policy on investment property is shown in note 29.7 to the financial statements and related disclosures are included in note 15. **Key observations** We did not identify any material misstatements in the valuation of the investment properties held on the Group's statement of financial position.
The presentation and disclosure of investment property The Group's investment properties form a significant proportion of the Group's total assets on its consolidated statement of financial position. There is a risk that properties are not classified correctly in the financial statements. During the year the Group reclassified its property investments from development properties, held within inventories, to investment properties as it now intends to hold the properties to earn rentals or for capital appreciation, rather than to sell in the ordinary course of its business. We therefore identified the risk that the properties did not meet the criteria for reclassification as investment property as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • obtaining, reading and assessing the Investment Committee's formal consideration of the strategy for each property and management's internal accounting papers which outlined the rationale and resulting accounting treatment relating to the change in use of the properties; • corroborating management activities referenced in the Investment Committee papers to supporting evidence; • assessing whether the new intended use of the properties met the definition of investment property as defined in IAS 40 (amended) 'Investment Property'; and • in light of the above and in conjunction with our technical financial reporting experts critically assessing whether the evidence provided by management sufficiently met the requirements outlined in IAS 40 (amended) to support a change in use to investment properties. **Key observations** We did not identify any material misstatements in the classification of the properties on the Group's statement of financial position.

The above key audit matters relate to the Group and no key audit matters have been identified in relation to the parent company Vordere Plc.

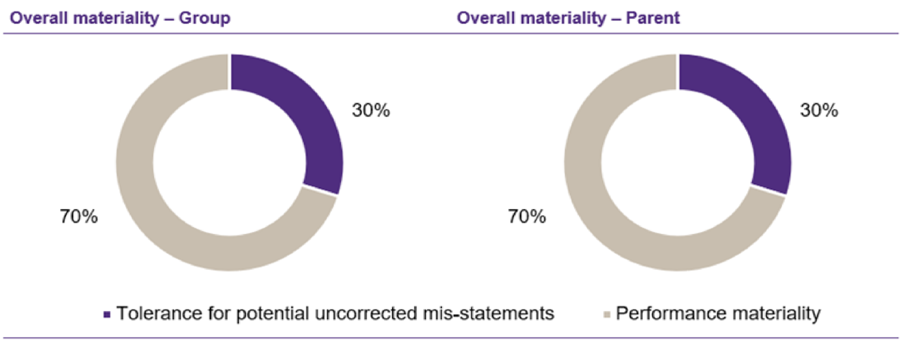
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£353,000 which is 1.5% of total assets. This benchmark is considered the most appropriate because the Group is a property investment Group not yet earning significant revenue or profit streams. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2018 as in the prior year materiality was based on 1% of total assets. The measurement percentage applied to the benchmark was increased from 1% to 1.5% to reflect the assessed risk for the current year in the light of: •the Group's strengthened control environment and governance structure; and •the fact that the property portfolio has not changed during the year, resulting in a reduced risk profile.	£264,000 which is 1.5% of the company's total assets, capped at 75% of group materiality. This benchmark is considered the most appropriate for the same reasons outlined for the increase in Group materiality. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2018 for the same reasons outlined for the increase in Group materiality.
Performance materiality used to drive the extent of our testing	70% of financial statement materiality.	70% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as related party transactions and director remuneration. The materiality for these areas was £1,000.	We determined a lower level of specific materiality for certain areas such as related party transactions and director remuneration. The materiality for these areas was £1,000.
Communication of misstatements to the audit committee	£17,700 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£13,200 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The following graph illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- evaluation by the group audit team of identified components to assess the significance of those components and to determine the planned audit response based on a measure of materiality. We assessed the significance of subsidiaries based on the percentage of the group's total assets for which they account. We also considered their individual significance based on qualitative factors, such as the specific purpose of each company, or concerns over specific components;
- performing an evaluation of the design effectiveness of controls over key financial statement risks identified as part of our risk assessment process;
- gaining an understanding of the financial reporting and accounts production process;
- undertaking substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks; and,
- engaging Grant Thornton Germany and Grant Thornton Luxembourg to perform a targeted assessment of the corporate tax position of the German and Luxembourg entities for the purpose of the Vordere Plc group audit.

The parent company of the group is based in the UK, and subject to statutory audit. The group companies are incorporated in Germany and Luxembourg and are therefore outside of the scope of a UK statutory audit. However, some of the balances within these group companies have a material impact on the group financial statements on which we are providing an opinion. As such, we performed targeted procedures on specific balances in these other companies so as to gain evidence that they were not giving rise to material misstatement at a consolidated group level.

In summary:

- full scope audit procedures were completed on the financial statements of Vordere Plc (the parent company). Targeted procedures were completed on the financial information of subsidiary entities based on their relative materiality to the group and our assessment of audit risk. Subsidiary entities on which targeted procedures were performed were: Vordere Hanau GmbH & Co KG, Vordere Haag GmbH & Co KG, Vordere Bamberg GmbH & Co KG, Vordere Berchtesgaden GmbH & Co KG, Dolphin Capital 192 GmbH & Co KG and Dolphin Capital 214 GmbH & Co KG all of which are based in Germany. Targeted procedures were also performed on Vordere Capital S.a.r.l. which is a subsidiary based in Luxembourg. An analytical review was performed on St James Management GmbH, which is another subsidiary based in Germany. The balances within this subsidiary were not material to the group audit opinion, and therefore targeted procedures were not performed.

- our targeted procedures on the financial information of Vordere Hanau, Vordere Haag, Vordere Bamberg and Vordere Berchtesgaden, Dolphin Capital 192 and Dolphin capital 214 primarily focussed on the investment property. Our targeted procedures on Vordere Capital S.a.r.l primarily focussed on the external loan debtor.
- the full scope audit procedures covered 26.1% of the total assets of the group. The targeted procedures covered a further 73.8% of total assets. 0.1% of total assets was not covered by our full scope or targeted audit procedures.
- there are no remaining group components not covered in the above summary;
- all audit procedures were performed by Grant Thornton UK LLP; other than where we engaged Grant Thornton Germany and Grant Thornton Luxembourg to perform a targeted assessment of the corporate tax position of the German and Luxembourg entities for the purpose of the Vordere Plc group audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the group in which they operate. We determined that the following laws and regulations were most significant: IFRS, Companies Act 2006, taxation laws and relevant German property law.
- We understood how the company and the group is complying with those legal and regulatory frameworks by, making inquiries to the management and the company secretary. We corroborated our inquiries through our review of board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the company's and group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team and component auditors included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular any journal entries posted with large values, large values versus average values and any journals containing related parties or intercompany descriptions.
- We did not identify any key audit matters relating to irregularities, including fraud.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VORDERE PLC

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors’ remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

– the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
– the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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 Group 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
.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VORDERE PLC

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 19, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the Group financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the ‘An overview of the scope of our audit’ section of our audit report.

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 auditors' report.

Other matters which we are required to address

We were appointed by the Board of Directors on 19 November 2013. Our total uninterrupted period of engagement is six years, covering the years ended 31 March 2014 to 31 March 2019.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the group or the Parent Company and we remain independent of the group and the Parent Company in conducting our audit. We have not provided any non-audit services to the group that are not disclosed in the financial statements or elsewhere in the annual report.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the group'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 group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Maile BSc (Hons) FCA (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley

30 July 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	*As restated* *2018* *£*
Revenue	7	**174,268**	*6,247*
Gross profit		**174,268**	*6,247*
Administrative expenses	8	**(2,874,451)**	*(4,173,394)*
Impairment loss on financial assets	2.2	**-**	*(40,855)*
Loss from operations		**(2,700,183)**	*(4,208,002)*
Finance income	11	**114,913**	*62,721*
Finance expense	11	**-**	*(19)*
Loss before tax		**(2,585,270)**	*(4,145,300)*
Tax expense	12	**(1,621)**	*(11,930)*
Loss for the year		**(2,586,891)**	*(4,157,230)*
Loss for the year attributable to:			
Owners of the parent		**(2,586,891)**	*(4,157,230)*
		(2,586,891)	*(4,157,230)*

Earnings per share attributable to the ordinary equity holders of the parent (in pence)

	Note	2019	2018
Profit or loss			
Basic	13	**(1.295)**	*(2.822)*
Diluted	13	**(1.295)**	*(2.822)*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	*As restated* *2018* *£*
Loss for the year	**(2,586,891)**	*(4,157,230)*
Items that will or may be reclassified to profit or loss:		
Exchange losses arising on translation on foreign operations	**(362,899)**	*(352,539)*
Other comprehensive income for the year, net of tax	**(362,899)**	*(352,539)*
Total comprehensive income	**(2,949,790)**	*(4,509,769)*
Total comprehensive income attributable to:		
Owners of the parent	**(2,949,790)**	*(4,509,769)*
	(2,949,790)	*(4,509,769)*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	*As restated* *2018* *£*
Assets			
Non-current assets			
Property, plant and equipment	14	**7,248**	*7,923*
Investment property	15	**15,586,442**	*-*
Trade and other receivables	18	**2,011,122**	*1,985,378*
		17,604,812	*1,993,301*
Current assets			
Development property	17	**-**	*15,972,451*
Trade and other receivables	18	**900,782**	*812,999*
Cash and cash equivalents	19	**5,645,997**	*7,840,423*
		6,546,779	*24,625,873*
Total assets		**24,151,591**	*26,619,174*
Liabilities			
Current liabilities			
Trade and other payables	20	**847,878**	*365,671*
Total liabilities		**847,878**	*365,671*
Net assets		**23,303,713**	*26,253,503*
Issued capital and reserves attributable to owners of the parent			
Share capital	21	**3,995,008**	*3,995,008*
Share premium reserve	22	**24,505,431**	*24,505,431*
Foreign exchange reserve	22	**(715,438)**	*(352,539)*
Retained earnings	22	**(4,481,288)**	*(1,894,397)*
		23,303,713	*26,253,503*
TOTAL EQUITY		**23,303,713**	*26,253,503*

The financial statements on pages 37 to 81 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

....
NW Hofgren
Director
Date: 30 July 2019

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	14	**7,248**	*7,910*
Investments in subsidiaries	16	**2,059,900**	*2,059,900*
		2,067,148	*2,067,810*
Current assets			
Trade and other receivables	18	**17,130,603**	*17,100,366*
Cash and cash equivalents	19	**5,413,393**	*7,793,508*
		22,543,996	*24,893,874*
Total assets		**24,611,144**	*26,961,684*
Liabilities			
Current liabilities			
Trade and other payables	20	**513,957**	*316,678*
Total liabilities		**513,957**	*316,678*
Net assets		**24,097,187**	*26,645,006*
Issued capital and reserves attributable to owners of the parent			
Share capital	21	**3,995,008**	*3,995,008*
Share premium reserve	22	**24,505,431**	*24,505,431*
Retained earnings	22	**(4,403,252)**	*(1,855,433)*
TOTAL EQUITY		**24,097,187**	*26,645,006*

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented a statement of profit or loss, a statement of comprehensive income or a cash flow statement for the Company alone. The total comprehensive loss for the period is £2,547,819 (2018: £4,118,266).

The financial statements on pages 37 to 81 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

....
NW Hofgren
Director
Date: 30 July 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Share premium	Foreign exchange reserve	Retained earnings (restated)	Total attributable to equity holders of parent (restated)	Total equity (restated)
	£	£	£	£	£	£
At 1 April 2018 (as previously stated)	3,995,008	24,505,431	(352,539)	(1,853,542)	26,294,358	26,294,358
Prior year adjustment (note 27)	-	-	-	(40,855)	(40,855)	(40,855)
At 1 April 2018 (as restated)	3,995,008	24,505,431	(352,539)	(1,894,397)	26,253,503	26,253,503
Comprehensive income for the year						
Loss for the year	-	-	-	(2,586,891)	(2,586,891)	(2,586,891)
Other comprehensive income	-	-	(362,899)	-	(362,899)	(362,899)
Total comprehensive income for the year	-	-	(362,899)	(2,586,891)	(2,949,790)	(2,949,790)
Total contributions by and distributions to owners	-	-	-	-	-	-
At 31 March 2019	**3,995,008**	**24,505,431**	**(715,438)**	**(4,481,288)**	**23,303,713**	**23,303,713**

The notes on pages 46 to 81 form part of these financial statements.

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

	Share capital	Share premium	Foreign exchange reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£	£
At 1 April 2017	616,115	3,299,509	-	(1,036,676)	2,878,948	2,878,948
Comprehensive income for the year						
Loss for the year (as restated - note 27)	-	-	-	(4,157,230)	(4,157,230)	(4,157,230)
Other comprehensive income	-	-	(352,539)	-	(352,539)	(352,539)
Total comprehensive income for the year (as restated)	-	-	(352,539)	(4,157,230)	(4,509,769)	(4,509,769)
Contributions by and distributions to owners						
Issue of share capital	3,378,893	24,505,431	-	-	27,884,324	27,884,324
Cancellation of share premium	-	(3,299,509)	-	3,299,509	-	-
Total contributions by and distributions to owners	3,378,893	21,205,922	-	3,299,509	27,884,324	27,884,324
At 31 March 2018 (as restated)	**3,995,008**	**24,505,431**	**(352,539)**	**(1,894,397)**	**26,253,503**	**26,253,503**

The notes on pages 46 to 81 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 1 April 2017	616,115	3,299,509	(1,036,676)	2,878,948
Comprehensive income for the year				
Loss for the year	-	-	(4,118,266)	(4,118,266)
Total comprehensive income for the year	-	-	(4,118,266)	(4,118,266)
Contributions by and distributions to owners				
Issue of share capital	3,378,893	24,505,431	-	27,884,324
Cancellation of share premium	-	(3,299,509)	3,299,509	-
Total contributions by and distributions to owners	3,378,893	21,205,922	3,299,509	27,884,324
At 31 March 2018	**3,995,008**	**24,505,431**	**(1,855,433)**	**26,645,006**
At 1 April 2018	3,995,008	24,505,431	(1,855,433)	26,645,006
Comprehensive income for the year				
Loss for the year	-	-	(2,547,819)	(2,547,819)
Total comprehensive income for the year	-	-	(2,547,819)	(2,547,819)
Total contributions by and distributions to owners	-	-	-	-
At 31 March 2019	**3,995,008**	**24,505,431**	**(4,403,252)**	**24,097,187**

The notes on pages 46 to 81 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	*As restated 2018 £*
Cash flows from operating activities			
Loss for the year		**(2,586,891)**	*(4,157,230)*
		(2,586,891)	*(4,157,230)*
Adjustments for			
Depreciation and impairment	14	**662**	*2,870,676*
Finance income	11	**(114,913)**	*(62,721)*
Finance expense	11	**-**	*19*
Expected credit loss	2.2	**-**	*40,855*
Income tax expense	12	**1,621**	*11,930*
		(2,699,521)	*(1,296,471)*
Movements in working capital:			
Increase in trade and other receivables		**(128,087)**	*(629,275)*
Increase in investment/development properties		**(1,976)**	*(1,147,854)*
Increase/(decrease) in trade and other payables		**547,595**	*(40,351)*
Cash generated from operations		**(2,281,989)**	*(3,113,951)*
Income taxes paid		**(1,621)**	*(55)*
Net cash used in operating activities		**(2,283,610)**	*(3,114,006)*
Cash flows from investing activities			
Purchases of property, plant and equipment	14	**-**	*(7,964)*
Increase in loan receivables		**(23,277)**	*(2,026,233)*
Interest received		**114,913**	*62,721*
Net cash from/(used in) investing activities		**91,636**	*(1,971,476)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	*As restated* *2018* *£*
Cash flows from financing activities			
Issue of ordinary shares		-	*9,836,553*
Interest paid		-	*(19)*
Net cash from financing activities		-	*9,836,534*
Net cash (decrease)/increase in cash and cash equivalents		**(2,191,974)**	*4,751,052*
Cash and cash equivalents at the beginning of year		**7,840,423**	*3,089,371*
Exchange (loss)/gains on cash and cash equivalents		**(2,452)**	-
Cash and cash equivalents at the end of the year	19	**5,645,997**	*7,840,423*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Reporting entity

Vordere PLC (the 'Company') is a limited company incorporated in the United Kingdom. The Company's registered office is at 3rd Floor 11-12 St. James's Square, London, SW1Y 4LB. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in property investment and development.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. They were authorised for issue by the Company's board of directors on 30 July 2019.

Details of the Group's accounting policies, including changes during the year, are included in note 29. The effects of changes in accounting policies are detailed in note 27.

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in note 4.

The financial year of the parent company and its subsidiaries is 31 March 2019, except for St James Square Management GmbH which is 31 December 2018. For the year ended 31 March 2019 the year end of all the subsidiaries was 31 December 2018. The subsidiaries were shelf-companies acquired by the parent company in the and therefore used a different year end date to the parent prior to acquisition.

2.1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured at fair value on each reporting date:

- Investment properties

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 April 2018

IFRS 9

During the period the Group has adopted IFRS 9 "Financial Instruments" using the modified retrospective approach. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the restated information presented for 2018 reflects the requirements of IFRS 9 and therefore is comparable to the information presented for 2019 under IFRS 9.

The Group has financial assets at amortised cost that are subject to IFRS 9's new expected credit loss model and was required to revise its impairment methodology under IFRS 9 for this class of asset.

2. Basis of preparation (continued)

2.2 Changes in accounting policies (continued)

i) New standards, interpretations and amendments effective from 1 April 2018 (continued)

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group's financial assets at amortised cost are considered to have low credit risk, and the loss allowance was therefore limited to 12 months expected losses. Management consider loan receivables to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the year term.

Applying the expected credit risk model resulted in the recognition of a loss allowance of £40,855 in the year ended 31 March 2018 and a corresponding decrease in financial assets at amortised cost of £40,855 as at 31 March 2018. The financial assets at amortised cost that were restated on adoption of IFRS 9 were initially recognised during the year ended 31 March 2018 and therefore there was no restatement of the opening reserves as at 1 April 2017. Given the level of losses there was no tax impact as a result of this adjustment. The impact of this adjustment was a reduction to loss before operations and loss for the year ended 31 March 2018 of £40,855 and a reduction in other receivables and net assets of £40,855 as at 31 March 2018.

IFRS 15

The Group has applied IFRS 15 from 1 April 2018, the adoption of IFRS 15 has not led to the need restate the prior period figures due to the immaterial level of revenues recognised due to the immaterial level of revenue recognised.

ii) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

IFRS 16, 'Leases' effective after 1st January 2019

IFRS 16 will replace IAS 17 'Leases. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. The Group is currently reviewing:

- All agreements to assess whether any additional contracts will become lease contracts under IFRS 16's new definition of a lease.
- Current disclosures for operating leases as this is likely to form basis of the amounts to be capitalised as right-of-use assets.
- Additional disclosures that will be required.

Management is in the process of assessing the full impact of the Standard. So far, the Group believes that the most significant impact will be that the Group will need to recognise a right of use asset and a lease liability for office space currently treated as operating leases. At 31 March 2019 the future minimum lease payments amounted to £27,225. This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense.

2. Basis of preparation (continued)

The Group is planning to adopt IFRS 16 on 1 April 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Group does not expect any changes for leases where they are acting as a lessor.

The Directors anticipate that the adoption of other Standards and interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the Company.

3. Segment information

3.1 Segment reporting

In the opinion of Management, the Group has only one segment in the current period being the investment in property in Germany.

4. Accounting estimates and judgments

4.1 Judgment

Classification of investment properties

Management determined in the current year that the properties held by the Group should be reclassified as investment properties on the basis that they will be retained for rental income and/or long term capital appreciation. Investment properties are held at fair value. In the prior year the properties were classified as development properties within stock and held at the lower of cost and net realisable value.

The reclassification as Investment Properties was made by management based on the evidence reviewed, such as rental agreements and architectural development plans, which was considered appropriate evidence for reclassification given the current status of the properties as being pre-development. The reclassification has had no impact on the valuation basis, as the properties have been valued using the residual value method in both years with the prior year valuation being used to assess the impact of the carrying value of the properties.

Deferred tax assets

In the current year a deferred tax asset arose on the loss brought forward and current year loss. However, management determined that they could not conclude with reasonable certainty that it would be recoverable in the future, as the properties are not yet realised and therefore a deferred tax asset should not be recognised.

4. Accounting estimates and judgments (continued)

4.2 Estimates and assumptions

Impairment of investment properties

Investment properties are measured at fair value. Fair value is determined based on a professional valuation performed by Jones Lang LaSalle. The properties which were previously classified as assets held for development and resale were reviewed annually for impairment or if events or changes in circumstances indicate that the carrying amount may not be recoverable.

In the year ended 31 March 2019 there has been no movement in the fair value of the investment properties of €18,190,000. The movement in the year ended 31 March 2019 has arisen largely on the retranslation of the investment properties, which are held in Euros within their respective foreign subsidiary (see note 17). In 2018 an impairment of €3,200,884 (£2,870,635) was recognised against these properties.

5. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated. Management have considered the functional currency of each company individually, based on the various factors outlined in IAS 21, and concluded that each of the subsidiaries has the Euro as their functional currency.

6. Going concern

The Company's activities, together with the factors likely to affect its future development and performance, the financial position of the Company, its cash flows and liquidity position have been considered by the Directors, taking account of the current market conditions which demonstrate that the Company shall continue to operate within its own resources.

The Directors believe that the Company is well placed to manage its business risks successfully, and that the Company has adequate resources to continue in operational existence for the foreseeable future. Commitments to develop properties will only be undertaken once project cash flows are approved by the Board, to ensure that cash reserves or sources of new finance are in place, such that the Group remains a going concern. Accordingly, they consider it appropriate to adopt the going concern basis in preparing these consolidated financial statements.

7. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	2019	*2018*
	£	*£*
Rent receivable	**174,268**	*6,247*

8. Administrative expenses

	2019 £	2018 £
Professional fees	2,338,898	1,050,861
Property impairment	-	2,870,635
Other expenses	396,548	251,406
Direct operating expenses arising from investment property	139,005	492
	2,874,451	4,173,394

Administrative expenses largely consist of professional fees, legal and advisory fees and development costs.

9. Auditors' remuneration

Auditors' remuneration for work carried out for the company in respect of the financial year is as follows:

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Consolidated Financial Statements	45,000	35,000
Total audit fees	45,000	35,000
Audit-related assurance services	15,000	22,500
Reporting accountant services	45,000	-
Total non-audit fees	60,000	22,500

10. Employee benefit expenses

Group and Company

	2019 £	2018 £
Employee benefit expenses (Chief Operating Officer) comprise:		
Wages and salaries	70,000	14,359
National insurance	7,119	16,059
Defined contribution pension cost	1,400	-
	78,519	30,418

10. Employee benefit expenses (continued)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed on page 1, and the Chief Operating Officer of the Company.

	2019 £	*2018 £*
Key management personnel fees and remuneration	**188,119**	*118,768*
Defined contribution pension cost	**1,400**	*-*
	189,519	*118,768*

11. Finance income and expense

Recognised in profit or loss

	2019 £	*2018 £*
Finance income		
Interest on:		
- Bank deposits	**-**	*490*
- Financial assets at amortised cost	**114,913**	*62,231*
Total finance income	**114,913**	*62,721*
Finance expense		
Bank interest payable	**-**	*19*
Total finance expense	**-**	*19*
Net finance income recognised in profit or loss	**114,913**	*62,702*

12. Tax expense

12.1 Income tax recognised in profit or loss

	2019 £	2018 £
Current tax		
Current tax on profits for the year	1,621	11,930
Total current tax	1,621	11,930
Deferred tax expense		
Origination and reversal of timing differences	-	-
	1,621	11,930
Total tax expense		
Tax expense in relation to continuing operations	1,621	11,930
	1,621	11,930

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2019 £	As restated 2018 £
Loss for the year	(2,586,891)	(4,157,230)
Income tax expense	1,621	11,930
Loss before income taxes	(2,585,270)	(4,145,300)
Tax using the Company's domestic tax rate of 19% (2018:19%)	(491,201)	(787,607)
Losses carried forward	491,201	787,607
Tax on foreign interest	1,621	11,930
Total tax expense	1,621	11,930

The current tax of £1,621 (2018: £11,930) relates to tax on loan interest income in Vordere Capital S.a.r.l.

Changes in tax rates and factors affecting the future tax charges

There were no factors that may affect future tax charges.

12. Tax expense (continued)

12.2 Current tax assets and liabilities

	2019	*2018*
	£	*£*
Current tax liabilities		
Corporation tax payable	**-**	*11,875*

The current tax liabilities of £nil (2018: £11,875) at a tax rate of 19% relates to tax on loan interest income in Vordere Capital S.a.r.l.

12.3 Deferred tax balances

The Group has losses of approximately £5.0m (2018: £2.4m) which equate to a deferred tax asset of approximately £0.85m (2018: £0.41m).

Management determined that they could not conclude with reasonable certainty that it would be recoverable in the future, as the properties are not yet developed and therefore a deferred tax asset should not be recognised.

13. Earnings per share

(i) Basic earnings per share

	2019	*As restated 2018*
	Pence	*Pence*
From continuing operations attributable to the ordinary equity holders of the Company	**(1.295)**	*(2.822)*
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(1.295)**	*(2.822)*

(ii) Diluted earnings per share

	2019	*As restated 2018*
	Pence	*Pence*
From continuing operations attributable to the ordinary equity holders of the Company	**(1.295)**	*(2.822)*
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**(1.295)**	*(2.822)*

13. Earnings per share (continued)

(iii) Reconciliation of earnings used in calculating earnings per share

	2019	*As restated 2018*
	£	*£*
Profit attributable to the ordinary equity holders of the Group used in calculating basic earnings per share:		
From continuing operations	**(2,586,891)**	*(4,157,230)*
	(2,586,891)	*(4,157,230)*
Profit from continuing operations attributable to the ordinary equity holders of the Group:		
Used in calculating basic earnings per share	**(2,586,891)**	*(4,157,230)*
Used in calculating diluted earnings per share	**(2,586,891)**	*(4,157,230)*
Profit attributable to the ordinary equity holders of the Group used in calculating diluted earnings per share	**(2,586,891)**	*(4,157,230)*

(iv) Weighted average number of shares used as the denominator

	2019	*2018*
	£	*£*
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**199,750,418**	*147,307,300*
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**199,750,418**	*147,307,300*

Where a loss has been recorded for the year the diluted loss per share does not differ from basic loss per share as the exercise of any options or warrants would have the effect of reducing loss per share and is therefore not dilutive under the terms of IAS 33.

Prior to the effect of the restatement, as detailed in note 2.2 and 27, the basic and diluted earnings per share was 2.794 pence per share based on a loss after tax for the year ended 31 March 2018 as originally stated of £4,116,375.

14. Property, plant and equipment

Group

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 April 2017	-	-	-
Additions	5,990	1,974	7,964
At 31 March 2018	5,990	1,974	7,964
Foreign exchange movements	-	(13)	(13)
At 31 March 2019	**5,990**	**1,961**	**7,951**

	Fixtures and fittings £	Office equipment £	Total £
Accumulated depreciation and impairment			
At 1 April 2017	-	-	-
Charge owned for the year	-	41	41
At 31 March 2018	-	41	41
Charge owned for the year	499	163	662
At 31 March 2019	**499**	**204**	**703**
Net book value			
At 31 March 2018	5,990	1,933	7,923
At 31 March 2019	5,491	1,757	7,248

14. Property, plant and equipment (continued)

Company

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 April 2017			
Additions	5,990	1,961	7,951
At 31 March 2018	5,990	1,961	7,951
At 31 March 2019	5,990	1,961	7,951

	Fixtures and fittings £	Office equipment £	Total £
Accumulated depreciation and impairment			
At 1 April 2017	-	-	-
Charge owned for the year	-	41	41
At 31 March 2018	-	41	41
Charge owned for the year	499	163	662
At 31 March 2019	499	204	703
Net book value			
At 31 March 2018	5,990	1,920	7,910
At 31 March 2019	5,491	1,757	7,248

There are no capital commitments as at 31 March 2019 (2018: £nil).

15. Investment property

(i) Non-current assets at fair value

	2019 £	*2018* *£*
Opening balance	**-**	-
Transfers from development property (see note 4.1 and 17)	**15,586,442**	-
	15,586,442	-

Rental income of £174,268 (2018: £6,247) was recognised in respect of investment properties.

The fair value of the investment properties was established using the residual value method and carried out by Jones Lang LaSalle, external independent qualified valuers with recent experience valuing investment properties in the location held by the Group. For all investment properties, their current use equates to the highest and best use.

All fair value estimates for investment properties are included in level 3 under the fair value hierarchy for determining the fair value of non-financial assets.

The valuation of each of the properties was determined using the residual value method, as the properties are intended for development, with the sales comparison approach the key initial input. Properties valued using the sales comparison approach take into account comparable properties in close proximity. These values are adjusted for differences in key attributes such as location, size and quality of interior fittings.

As the properties are all intended for development the residual value approach includes:

- Costs to complete: these are largely consistent with internal budgets developed by third party specialists used by the Group, based on their's and management's experience and knowledge of market conditions. Costs to complete also include a reasonable profit margin; and

- Completion dates: development of the investment properties will require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, and compliance with environmental regulations. Based on management's third party specialist's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Group.

16. Subsidiaries

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	**2,059,900**
At 31 March 2019	**2,059,900**

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%) 2019	2018
1) Vordere Capital S.a.r.l.	Investment holding	Luxembourg	100	100
2) St James Square Management GmbH	Investment holding	Germany	100	100
3) Vordere Haag GmbH & Co KG*	Investment property holding	Germany	100	100
4) Vordere Hanau GmbH & Co KG*	Investment property holding	Germany	100	100
5) Vordere Berchtesgaden GmbH & Co KG*	Investment property holding	Germany	100	100
6) Vordere Bamberg GmbH & Co KG*	Investment property holding	Germany	100	100
7) Dolphin Capital 192 GmbH & Co KG*	Investment property holding	Germany	94	94
8) Dolphin Capital 214 GmbH & Co KG*	Investment property holding	Germany	94	94

denotes an indirectly held subsidiary

The registered office of Luxembourg subsidiary is 14 Rue Edward Steichen, 2540 Luxembourg, the registered office of all German subsidiaries is Westendstraße 28, 60325 Frankfurt am Main, Germany.

All of the subsidiaries are included in the consolidation.

17. Development property

	2019 £	*2018 £*
Brought forward	**15,972,451**	*-*
Additions	**-**	*18,843,086*
Impairment	**-**	*(2,870,635)*
Foreign exchange	**(386,009)**	*-*
Transfer to investment property	**(15,586,442)**	*-*
Carried forward	**-**	*15,972,451*

As detailed in note 4.1 the properties held by Group have been classified to investment property in the year. The value at year end of £15,586,442 (2018: £15,972,451) included an impairment of £2,870,635 to reflect the net realisable value of the properties at 31 March 2018. The recoverable amount is determined based on professional valuation performed by Jones Lang LaSalle.

The movement in the year ended 31 March 2019 has arisen largely on the retranslation of the development properties, which are held in Euros within their respective foreign subsidiary.

18. Trade and other receivables

Group

	2019 £	*As restated 2018 £*
Trade receivables	**-**	*1,240*
Trade receivables - net	**-**	*1,240*
Prepayments and accrued income	**592,549**	*6,366*
Other receivables	**2,319,355**	*2,790,771*
Total trade and other receivables	**2,911,904**	*2,798,377*
Less: current portion - trade receivables	**-**	*(1,240)*
Less: current portion - prepayments and accrued income	**(592,549)**	*(6,366)*
Less: current portion - other receivables	**(308,233)**	*(805,393)*
Total current portion	**(900,782)**	*(812,999)*
Total non-current portion	**2,011,122**	*1,985,378*

18. Trade and other receivables (continued)

The non-current loan receivables of £2,011,122 (2018: £1,985,378) represent two third party loans from Vordere Capital S.a.r.l. to JV11 Elendom AS and MC13 elendomAS. On the 2 August 2017, Vordere Capital S.a.r.l. agreed to provide MV13 Elendom AS with a secured term loan facility of NOK 13,000,000 with interest of aggregate of 6 percent per annum and 1 percent per annum. On the 15 November 2017, Vordere Capital S.a.r.l. agreed to provide JV Elendom AS with a secured term loan facility of NOK 9,500,000 with interest of aggregate 6 percent per annum and 1 percent per annum. The loans are repayable 5 years from the Drawndown Dates of the loans, as described above. Interest receivable for year amounts to £114,913 (2018: £62,231).

Vordere Capital S.a.r.l. has a security over the properties bought with the proceeds of the above loan.

Company

	2019	*2018*
	£	*£*
Receivables from subsidiary undertaking	**16,252,701**	*16,289,077*
Prepayments and accrued income	**591,343**	*6,366*
Other receivables	**286,559**	*804,923*
Total trade and other receivables	**17,130,603**	*17,100,366*
Less: current portion - receivables from subsidiary undertaking	**(16,252,701)**	*(16,289,077)*
Less: current portion - prepayments and accrued income	**(591,343)**	*(6,366)*
Less: current portion - other receivables	**(286,559)**	*(804,923)*
Total current portion	**(17,130,603)**	*(17,100,366)*
Total non-current portion	**-**	-

The company does not hold any collateral as security. The receivables from subsidiary undertakings are repayable on demand. There are no interest charged on the intercompany loans.

19. Cash and cash equivalents

Group

	2019 £	2018 £
Cash at bank available on demand	**5,645,997**	*7,840,423*
Cash and cash equivalents in the statement of financial position	**5,645,997**	*7,840,423*

Company

	2019 £	2018 £
Cash at bank available on demand	**5,413,433**	*7,793,508*
Cash and cash equivalents in the statement of financial position	**5,413,433**	*7,793,508*

20. Trade and other payables

Group

	2019 £	2018 £
Trade payables	**305,505**	*240,096*
Other payables	**196,043**	*4,530*
Accruals	**346,330**	*109,170*
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**847,878**	*353,796*
Other payables - tax and social security payments	**-**	*11,875*
Total trade and other payables	**847,878**	*365,671*
Less: current portion - trade payables	**(305,505)**	*(240,096)*
Less: current portion - other payables	**(196,043)**	*(16,405)*
Less: current portion - accruals	**(346,330)**	*(109,170)*
Total current portion	**(847,878)**	*(365,671)*
Total non-current position	**-**	*-*

20. Trade and other payables (continued)

Company

	2019 £	2018 £
Trade payables	**239,885**	*202,978*
Other payables	**159**	*4,530*
Accruals	**273,913**	*109,170*
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**513,957**	*316,678*
Other payables - tax and social security payments	**-**	*-*
Total trade and other payables		
Less: current portion - trade payables	**(239,885)**	*(202,978)*
Less: current portion - other payables	**(159)**	*(4,530)*
Less: current portion - accruals	**(273,913)**	*(109,170)*
Total current portion	**(513,957)**	*(316,678)*
Total non-current position	**-**	*-*

21. Share capital

Group and Company

	2019 Number	2019 £	2018 Number	2018 £
Ordinary share of £0.02 each				
At 1 April	**199,750,418**	**3,995,008**	*30,805,783*	*616,115*
Shares issued during the year	**-**	**-**	*168,944,635*	*3,378,893*
At 31 March	**199,750,418**	**3,995,008**	*199,750,418*	*3,995,008*

There is a single class of ordinary shares. There are no restrictions on the distributions of dividends and repayment of capital.

22. Reserves

Share premium

Represents the amount subscribed for share capital in excess of nominal value.

On 26 July 2017 the Company obtained a High Court order for the share premium account to be cancelled.

Foreign exchange reserve

Represents exchange differences arising on translation of the foreign controlled entity that are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Retained earnings

Represents accumulated profit/loss.

23. Leases

Operating leases - lessee

The total future value of minimum lease payments is due as follows:

	2019	*2018*
	£	*£*
Not later than one year	**27,225**	*24,888*
	27,225	*24,888*

Amounts recognised in profit or loss:

	2019	*2018*
	£	*£*
Rental expense	**13,680**	*68,212*
	13,680	*68,212*

24. Financial instruments - fair values and risk management

24.1 Financial risk management objectives

The Group's Investment Committee is responsible to the Board for the Group's financial risk management. This includes analysing the Group's exposure by degree and magnitude of risks. These risks include property market risk (including currency risk and interest rate risk) and liquidity risk.

The Group seeks to minimise the effects of these risks where possible. It does this by maintaining bank accounts in all currencies in which the Group holds the properties.

24.2 Accounting classifications and fair values

Group

	Carrying amount 2019 £	*Carrying amount 2018 £*
Financial assets at amortised cost		
Trade receivables	**-**	*1,240*
Other financial assets at amortised cost	**2,319,355**	*2,790,771*
Cash and cash equivalents	**5,645,997**	*7,840,423*
	7,965,352	*10,632,434*

Prepayments are excluded from the Financial assets at amortised cost balance as this analysis is only required for financial instruments.

Financial liabilities at amortised cost		
Trade and other payables	**847,878**	*353,796*
	847,878	*353,796*

Financial assets designated as loans and receivables under IAS 39 are now classified as financial assets at amortised cost under IFRS 9. The impact on the measurement of financial assets at amortised cost as a result of the adoption of IFRS 9 is detailed in note 2.2 and 27.

There has been no other changes in measurement or classification of financial assets and liabilities as a result of the adoption of IFRS 9.

There are no financial assets and liabilities measured at fair value as at 31 March 2019 or 31 March 2018.

24. Financial instruments - fair values and risk management (continued)

24.3 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Liabilities		Assets
	2019	*2018*	**2019**	*2018*
	£	*£*	**£**	*£*
Euro	**333,924**	*48,994*	**253,356**	*48,626*
NOK	**-**	*-*	**2,011,122**	*1,986,950*
	333,924	*48,994*	**2,264,478**	*2,035,576*

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro and the NOK.

The following table details the Group's sensitivity to a 3% increase and decrease in the pound sterling against the relevant foreign currencies. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the pound sterling strengthens 3% against the relevant currency. For a 3% weakening of the pound sterling against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

		Euro impact
	2019	*2018*
	£	*£*
Profit or loss	**(66,644)**	*(67,859)*
	(66,644)	*(67,859)*

24.4 Interest rate risk management

The Group's exposure to interest rate risk on borrowings is limited as there is no outstanding debt within the Group. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

24. Financial instruments - fair values and risk management (continued)

24.5 Credit risk management

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating ‘A’ are accepted.

Credit risk also arises in relation to the non-current loan receivables, as described in note 18, but this is mitigated through the security over the properties bought with the proceeds of the loan. Management have applied the expected credit risk model on adoption of IFRS 9, which has resulted in the recognition of a loss allowance as described in note 2.2 i). Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Credit risk for intercompany receivables is relevant only within the parent company financial statements and is assessed by reference to the carrying value of the counterparties net assets and an assessment of their ability to repay the outstanding balance. Provisions are made against the intercompany receivables to reflect impairment down to the carrying value of net assets.

24.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities through share issuance, and by continuously monitoring forecast and actual cash flows.

24.7 Capital management

The Group’s capital management objectives are:

- to ensure the Group’s ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing investment properties

The Group monitors ‘adjusted capital’ which comprises all components of equity (i.e. share capital, share premium and retained earnings).

Management assesses the Group’s capital requirements in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares.

24.8 Market risk

The Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group reviews the need to enter into financial instruments on a regular basis but has not entered into any during the current or previous period. As the Group has no debt, it is not significantly exposed to interest rate risk on its financial liabilities and continues to seek to maximise the returns from bank deposits.

25. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year is disclosed in Note 10.

Other related party transactions

Other related party transactions are as follows:

Mr Nicholas Hofgren, a Director of Vordere PLC is also a director of GFG Limited. On 30 September, 2016, the Company signed a 2-year Corporate advisory agreement with GFG Limited, under the agreement the Company has agreed to pay GFG Limited a fee of £7,500 per month until such time that the Company asset value exceeds £10,000,000 whereupon the fee will be calculated at the rate of 1.5% of the gross asset value or £15,000, whichever is greater, per month. During the year ended 31 March 2019 the Company paid £524,470 (2018: £390,333) for monthly advisory services to GFG Limited and £36,000 (2018: £39,173) to Mr Nicholas Hofgren in respect of board services.

Mr Graeme Johnson, a Director of Vordere PLC is also a Director of Granite and Pine Investments International Ltd. During the year Directors' fees of £25,000 (2018: £25,000) were paid to Granite and Pine Investments International Ltd on behalf of Mr Graeme Johnson. As at year end 31 March 2018 the outstanding balance due to Granite and Pine Investments International Ltd was £nil (2018: £2,083). The outstanding amount is repayable on demand.

Mr Nigel Fitzpatrick, a Director of Vordere PLC is also a Director of Ocean Park Developments Ltd. During the year Directors' fees of £25,000 (2018: £25,000) were paid to Ocean Park Developments Ltd on behalf of Mr Nigel Fitzpatrick. As at year end the outstanding balance due to Ocean Park Developments Ltd was £6,250 (2018: £6,250). The outstanding amount is repayable on demand.

Mr Stuart Cheek, a Director of Vordere PLC is also a Director of Randall Duke Limited. During the year Directors' fees of £25,000 (2018: £10,417) were paid to Randall Duke Limited on behalf of Mr Stuart Cheek. As at year end there are no outstanding balance at year end (2018: £nil).

On 3 October 2016, Vordere PLC granted warrants over ordinary shares to GFG Limited, a Company in which Mr Nicholas Hofgren is also a director. The warrants may be exercised between the Grant date and the fifth anniversary of the Grant date and will lapse if not exercised during that period. The warrant instrument allows GFG Limited to acquire up to 5% of the share capital of the Group, after taking into account the shares issued as a result of the warrant valuation model at a price of 15p per share.

26. Events after the reporting date

Share issue and property purchase

On 12 June 2019, the Company announced that it had signed binding agreements to acquire six properties in Germany, for a total purchase price of €59,290,000 (the “Acquisition Agreements”), in accordance with its published investment strategy. The six properties, valued by Jones Lang LaSalle, in combination represent an estimated Gross Development Value of €492,310,000 and an estimated Gross Development Profit of €52,955,275. The consideration for the properties under the Acquisition Agreements was to be satisfied by the issue of new ordinary shares in the Company.

On 4 July 2019, the Company announced that it had allotted 277,931,954 new ordinary shares (the “Consideration Shares”), as outlined in the Acquisition Agreements, of nominal value £0.02 in the capital of the Company (the “Share Allotment”) by way of the issuance of certificated shares which are not open to trading on any clearing system. Accordingly, at the Company's request the listing of its ordinary shares has been suspended pursuant to Chapter 5 of the Listing Rules.

The Company intends to seek approval of a prospectus pursuant to the Listing Rules and the Prospectus Rules (the "Prospectus") and make an application for the Consideration Shares to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities (the "Application"). The Application is dependent upon the approval and publication of the Prospectus.

The Company's total issued share capital prior to 4 July 2019 was 199,750,418 shares of nominal value £0.02. Following the Share Allotment, the issued share capital is 477,682,372 shares. The Company does not hold any Ordinary Shares in Treasury other than 10,426,780 Ordinary Shares which shall be held in Treasury pending completion of conditions in respect of one acquisition agreement, as set out in the Prospectus. The total voting rights are therefore 467,255,592 shares as at 4 July 2019.

27. Effects of changes in accounting policies

During the period the Group has adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". The adoption of IFRS 15 has not led to the need restate the prior period figures.

However, the Group has financial assets at amortised cost that are subject to IFRS 9’s new expected credit loss model and was required to revise its impairment methodology under IFRS 9 for this class of asset. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group’s financial assets at amortised cost are considered to have low credit risk, and the loss allowance was therefore limited to 12 months expected losses. Management consider loan receivables to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the year term.

Applying the expected credit risk model resulted in the recognition of a loss allowance of £40,855 in the year ended 31 March 2018 and a corresponding decrease in financial assets at amortised cost of £40,855 as at 31 March 2018. The financial assets at amortised cost that were restated on adoption of IFRS 9 were initially recognised during the year ended 31 March 2018 and therefore there was no restatement of the opening reserves as at 1 April 2017. Given the level of losses there was no tax impact as a result of this adjustment. The impact of this adjustment was a reduction to loss before operations and loss for the year ended 31 March 2018 of £40,855 and a reduction in other receivables and net assets of £40,855 as at 31 March 2018.

All other accounting policies remain unchanged since the year ended 31 March 2019.

28. Prior year misstatement

As part of the year end review process management revisited the classification of the non-current loan receivables within the cash flow statement and identified a prior year misstatement. The draw down of the funds by the borrower had been recorded within Operating Activities within the prior year cash flow statement, when it should have been classified within Investing Activities in accordance with the requirements of IAS 7. Management have therefore restated the prior year figures within the cash flow statement, which has resulted in £2,026,233 being reclassified from "Decrease/(increase) in trade and other receivables" within operating activities, to "Net increase in loan receivables" within investing activities. The prior year misstatement has no impact on any other primary statement or note to the financial statements.

29. Accounting policies

29.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

29. Accounting policies (continued)

29.1 Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and its calculated as the difference between between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent account under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

29.2 Revenue

Revenue is measured as the fair value of the consideration received or receivable. The revenue of £174,268 (2018: £6,247) arose during the year relates to rental income. Rental income is recognised in the period which it relates.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Presentation and disclosures

Presentation of comparative consolidated revenue is in accordance with the previous standard IAS 18 “Revenue Recognition”. No material measurement or recognition differences on comparative information were identified between IAS 18 and the current standard IFRS 15. For further understanding of the impact of the transition to IFRS 15, refer to note 2.2 and 27.

29. Accounting policies (continued)

29.3 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

29. Accounting policies (continued)

29.4 Share-based payments

Share-based payment transactions of the Company

The Group issued warrant instruments as described in note 25 to these financial statements. The warrants were issued in exchange for services rendered to the Company and as a result have been accounted for as an equity-settled share based payment. The fair value of the services rendered has been determined indirectly by reference to the fair value of the warrants issued. This fair value is determined at grant date. The share based payment is recognised as an expense in the profit and loss account with corresponding credit to retained earnings. Upon exercise of the warrants, the proceeds received, net of any directly attributable transaction costs are allocated to share capital up to the nominal value shares issued with the excess being recorded as share premium.

29.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

Current tax arises on the taxable income for the year and is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the

29. Accounting policies (continued)

29.5 Taxation (continued)

(ii) Deferred tax (continued)

carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Directors of the Group reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Directors have determined that the ‘sale’ presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

29.6 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Fixtures and fittings	25%
Office equipment	25%

29. Accounting policies (continued)

29.7 Investment property

Investment properties are properties held to earn rent and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

29.8 Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

29.9 Development properties

Inventories are stated at the lower of cost and net realisable value based on external professional valuation. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

29.10 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

29. Accounting policies (continued)

29.11 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity instrument in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

29. Accounting policies (continued)

29.11 Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised costs or at FVOCI, lease receivables, amounts due from customers under contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, amounts due from customers under contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Groups core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

29. Accounting policies (continued)

29.11 Financial assets (continued)

Significant increase in credit risk (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in the credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitments relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

29. Accounting policies (continued)

29.11 Financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable date about the following events:

– significant financial difficulty of the issuer or the borrower;
– a breach of contract, such as a default or a past due event;
– the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
– it is becoming probably that the borrower will enter bankruptcy or other financial reorganisation;
– the disappearance of an active market for that financial asset because of financial difficulties.

29.12 Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

29. Accounting policies (continued)

29.13 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

30. Basis of preparation for Company financial statements

The financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that Standard in relation to statement of share-based payments, financial instruments, disclosures of related party within the Group, disclosures of key management personnel and presentation of a cash flow statement and related notes.

The financial statements have been prepared on the historic cost basis. The principal accounting policies, and critical accounting judgments and key sources of estimation adopted are the same as those set out in note 4 and 29 to the Group financial statements except as noted below. These have been applied consistently throughout the year and the preceding year.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment. Also see note 16.