

Company Registration No. 02815951 (England and Wales)

PAL PROPERTIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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PAL PROPERTIES LIMITED

COMPANY INFORMATION

Directors	Mr S T Lee Ms A S N Lim Mr K Y Yong
Secretary	Mrs D A Codling
Company number	02815951
Registered office	66 Prescott Street London E1 8NN
Auditor	PricewaterhouseCoopers CI LLP 37 Esplanade St Helier Jersey Channel Islands JE1 4XA

PAL PROPERTIES LIMITED

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PAL PROPERTIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

Fair review of the business

In 1999 the company purchased a site in Chineham, Hampshire and obtained planning permission to build 3 Office blocks totalling 750,000 square foot of space with 700 parking spaces for in excess of £6 million. Following the commercial property downturn in the years that followed, planning permission for a change of use was applied for and rejected a number of times. With the commercial market on the M3 corridor still heavily depressed no further action was taken. In 2014 Basingstoke council issued a new local authority plan that included this site as a possible residential plot. Planning permission was granted in 2017 for the construction of 130 residential units, 78 private residences and 52 social housing plots split into 47 shared ownership and 5 rentals. All the rental plots were sold to Grainger PLC, the largest private landlord in the UK. The remaining 47 were to be sold to shared ownership buyers who purchase a minimum 40% of the plot with Grainger PLC purchasing the balance of that plot and thereafter charge a rent to those purchasers. At the year end all 130 plots were sold and those sales legally completed.

Overall the project to the year end date made a gross loss of £526k which is made up of the sum of all prior period year audited accounts profit/(loss), and there are an estimated closing snagging and public space maintenance costs of circa £167k still to be expended. It must be stated however that these figures include the original land cost in 1999 plus abortive costs in trying to convert planning from non residential to residential.

Irrespective, what has been built is a premium estate, well finished and maintained, which the company can be proud of and has proved to be a fitting legacy for Pal Properties Limited final development project.

During the year both the shareholders loans and the entire bank debt were repaid in full. The company is left with a healthy cash balance. The main KPI of site completion has been achieved.

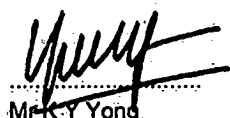
Principal risks and uncertainties

On the basis that the cash surplus is held in respected and well capitalised financial institutions then we foresee no risk. The development has been granted practical completion and only minor snagging costs remain which do not constitute a risk or uncertainty. The contingent asset as described in Note 13 of the accounts remains uncertain, but however, it is expected to produce realisations in future periods.

The company have sufficient cash reserves to pay the remaining costs which are expected including a buffer for unexpected expenses which may be unforeseen.

The directors have assessed the company and its exposure to financial risks including credit risk, liquidity risk, foreign exchange risk and interest rate risk. Cash and cash equivalents are held at reputable banks with a high credit quality. The company have sufficient liquid assets to meet its potential current and unexpected liabilities. There are no transactions within the company that gives risk to a foreign translation risk. All transactions are completed in the presentational currency. Furthermore, interest rate risk has been mitigated by the repayment of both shareholder loan and external DBS loan in the period.

On behalf of the board



Mr K-Y Yong

Director

17 DEC 2021

PAL PROPERTIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements of Pal Properties Limited (the "company") for the year ended 30 June 2021.

Principal activities

The principal activity of the company in the year under review was that of property development for sale.

Dividends

No dividends will be distributed for the year ended 30 June 2021 (2020 nil)

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Y C Lee	(Deceased 29 May 2021)
Mr S T Lee	
Ms A S N Lim	
Mr K Y Yong	

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a dividend.

Independent Auditor

The auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland") and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- the directors confirm they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PAL PROPERTIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The directors consider the company to be a going concern as snagging cost liabilities can continue to June 2022 and further certain deposits paid for transport matters under the S106 agreement are not repayable until June 2023. Furthermore the contingent asset described in Note 13 has a further 23 years to mature.

On behalf of the board



Mr Kar-Yong

Director

Date: 17 DEC 2021

Independent auditors' report to the members of Pal Properties Limited

Report on the audit of the financial statements

Opinion

In our opinion, Pal Properties Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2021; the profit and loss account; the statement of comprehensive income; the statement of cash flows; and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Gaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We held discussions with management including consideration of known or suspected instances of non compliance.
- Challenging assumptions and judgements made by management in its significant accounting estimates.
- We addressed the risk of management override of controls, including testing journals, and evaluated whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Ian Ross (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Statutory Auditors
Jersey
21 December 2021

PAL PROPERTIES LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 £	2020 £
Turnover	3	14,331,480	17,085,197
Cost of sales		<u>(14,095,139)</u>	<u>(19,676,628)</u>
Gross profit/(loss)		236,341	(2,591,431)
Administrative expenses		<u>(361,834)</u>	<u>(332,789)</u>
Operating loss		(125,493)	(2,924,220)
Interest receivable and similar income		<u>-</u>	<u>106</u>
Loss before taxation		(125,493)	(2,924,114)
Tax on loss	5	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(125,493)</u>	<u>(2,924,114)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PAL PROPERTIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	£	£
Loss for the year	(125,493)	(2,924,114)
Other comprehensive income	—	—
Total comprehensive income for the year	<u>(125,493)</u>	<u>(2,924,114)</u>

PAL PROPERTIES LIMITED

BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	6		2		1,146
Current assets					
Stocks	7	-		11,314,254	
Debtors	8	349,155		183,960	
Cash at bank and in hand		5,016,865		2,245,956	
		5,366,020		13,744,170	
Creditors: amounts falling due within one year	9	(936,831)		(7,434,977)	
Net current assets			4,429,189		6,309,193
Total assets less current liabilities			4,429,191		6,310,339
Capital and reserves					
Called up share capital	11		2		2
Capital contribution reserve	12		7,835,972		9,591,627
Profit and loss reserves			(3,406,783)		(3,281,290)
Total equity			4,429,191		6,310,339

The financial statements were approved by the board of directors and authorised for issue on 17 DEC 2021 and are signed on its behalf by:



Mr K Y Yong

Director

17 DEC 2021

Company Registration No. 02815951

PAL PROPERTIES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Share capital £	Capital contribution reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2019		2	-	(357,176)	(357,174)
Year ended 30 June 2020:					
Loss for the year		-	-	(2,924,114)	(2,924,114)
Transfers		-	9,591,627	-	9,591,627
Balance at 30 June 2020		2	9,591,627	(3,281,290)	6,310,339
Year ended 30 June 2021:					
Loss for the year		-	-	(125,493)	(125,493)
Write off of intercompany loans	12	-	(1,755,655)	-	(1,755,655)
Balance at 30 June 2021		2	7,835,972	(3,406,783)	4,429,191

PAL PROPERTIES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	17		9,744,048		6,757,711
Investing activities					
Interest received				106	
Net cash (used in)/generated from investing activities					106
Financing activities					
Write off of intercompany loans	12	(1,755,655)			
Repayment of bank loans		(5,217,484)		(6,222,436)	
Net cash used in financing activities			(6,973,139)		(6,222,436)
Net increase in cash and cash equivalents			2,770,909		535,381
Cash and cash equivalents at beginning of year			2,245,956		1,710,575
Cash and cash equivalents at end of year			<u>5,016,865</u>		<u>2,245,956</u>

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

General information

Pal Properties Limited is a private company limited by shares incorporated in England and Wales. The registered office is 66 Prescott Street, London, E1 8NN.

The principal activity of the company in the year under review was that of property development for sale.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on a going concern basis under the historical cost convention. The principal accounting policies adopted are set out below and have been applied consistently to all years presented.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors consider the company to be a going concern as snagging cost liabilities can continue to June 2022 and further certain deposits paid for transport matters under the S106 agreement are not repayable until June 2023. Furthermore the contingent asset described in Note 18 has a further 23 years to mature.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of the properties is recognised when the significant risks and rewards of ownership of the property have passed to the buyer (in this case, the completion of contracts), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised on tangible fixed assets so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% on reducing balance method
Computer equipment	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.4 Stocks

Stocks is work in progress and finished properties, and includes all directly attributable costs incurred to develop the land and property.

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

General and specific borrowings costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Such borrowing costs are capitalised in stocks when incurred. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial Instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.7 Equity instruments

Ordinary shares are classified as equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

1.8 Provisions and contingencies

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is virtually certain.

1.9 Cost of Sales

Cost of Sales is recognised as and when the property is sold. The basis of the calculation is to allocate the proportion of total budgeted costs which includes future and incurred costs. The proportion is based on the square footage of the property over the total area of the plot. Costs to date will include the cost of land, and the construction cost of the properties sold to date but also, including future costs, which relate to common areas yet to be completed. Cost of sales is recognised in the statement of comprehensive income at the point of sale of the property and derecognised from Stocks.

1.10 Expenses recognition

Administrative costs are accounted for on an accruals basis.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2.1 Critical estimates in applying the company's accounting policies

There were no critical estimates in applying the company's accounting policies in the current year.

2.2 Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the reporting date and thereafter. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 Judgements and key sources of estimation uncertainty

Provisions

Provision is made for bonuses and contingencies. These provisions require management's best estimates of the costs that will be incurred based on contractual requirements. In addition, the timing of the cash flows used to establish net present value of obligations require management's judgement.

3 Turnover and other revenue

The total income for the year totalled £14,331,480 (2020: £17,085,197)

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Sale of stock	14,331,480	17,085,197

	2021	2020
	£	£
Other significant revenue		
Interest income		106

	2021	2020
	£	£
Turnover analysed by geographical market		
UK	14,331,480	17,085,197

4 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	22,750	29,185

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(125,493)	(2,924,114)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(23,844)	(555,582)
Tax effect of income not taxable in determining taxable profit	-	(64)
Unutilised tax losses carried forward	23,844	555,646
Taxation charge for the year	-	-

As at the balance sheet date, the company has total tax losses carried forward of £4,793,929 which provides a potential tax asset of £910,847. This has not been provided for due to the uncertainty of total future profits.

6 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost			
At 1 July 2020 and 30 June 2021	31,480	104,908	136,388
Depreciation and impairment			
At 1 July 2020	31,480	103,762	135,242
Depreciation charged in the year	-	1,144	1,144
At 30 June 2021	31,480	104,906	136,386
Carrying amount			
At 30 June 2021	-	2	2
At 30 June 2020	-	1,146	1,146

7 Stocks

	2021 £	2020 £
Work in progress	-	11,314,254

The total value of stock is now nil for the year to 30 June 2021 (2020 £11,314,254). This is due to the fact that the company sold the remaining properties in the year.

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

8 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,718	1,718
Other debtors	344,842	180,827
Prepayments and accrued income	2,595	1,415
	<u>349,155</u>	<u>183,960</u>

9 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	10	-	5,217,484
Trade creditors		66,350	387,182
Amounts due to group undertakings		-	1,135,000
Other creditors		224,770	409,371
Accruals and deferred income		645,711	285,940
		<u>936,831</u>	<u>7,434,977</u>

The amounts due from group undertakings were written off in full across the group during the year. There is no inter-company debt remaining in the company or the group.

The bank loan in the previous years creditors due within one year of £5.2m has now been fully repaid.

Accruals and deferred income includes an amount £300,940 (2020: £217,731) which is the bonus provision. The bonus provision has been calculated based on 20% of the sale proceeds in excess of £40,670,150 (2020: £40,670,150) This is to be paid after the completion of all unit sales and directly following the audited result of the construction project being published.

10 Loans and overdrafts

	2021	2020
	£	£
Bank loans	<u>-</u>	<u>5,217,484</u>
Payable within one year	<u>-</u>	<u>5,217,484</u>

The loan with DBS Bank Limited was fully repaid during the period.

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

11 Share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

12 Capital contribution reserve

This reserve consists of transfers to Helmwall Holdings Limited and Helmwall Properties Limited to cover various admin expenses in both companies. They also repaid the shareholder loan in Helmwall Holdings Limited. This balance was then subsequently written off due to the financial position of the companies. Total paid to Helmwall Holdings Limited and Helmwall Properties Limited and then subsequently written off was a write off of £1,786,485..

13 Contingent assets

The company has been provided a guarantee in respect of the Shared Ownership properties with Grainger Trust Limited ("the RP"). The guarantee states that during the stair casing period of 25 years from the date of the purchase by the end customer. The company is entitled to 50% of any stair casing payment paid by the end buyer under each shared ownership lease after actual completion of that lease less RP's costs of obtaining such payment or dealing with such payments. The company believes that the asset is probable therefore, the contingent asset has not been recognised as a receivable as at 30 June 2021. The company understands that currently if all Shared Ownership properties were sold to the end buyer, as at 30 June 2021, the estimated asset is £1,377,479 (2020: £1,377,479).

14 Events after the reporting date

There are no events after the reporting date that require disclosure.

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15 Related party transactions

Transactions with related parties

The amounts due to and from group undertakings were written off in full across the group during the year. There is no inter-company debt remaining in the company or the group.

The balances are now as per the below note.

Lee Kim Tah Holdings Limited
Significant shareholder in parent company

Amount due to Lee Kim Tah Holdings Limited at the balance sheet date £nil (2020: £1,035,000)..

Aurum Investments Pte Limited
significant shareholder in parent company

Amount due to Aurum Investments Pte Limited at the balance sheet date £nil (2020: £100,000).

16 Ultimate controlling party

The company's immediate parent undertaking is Helmwall Holdings Limited by the virtue of 100% ownership of the shares. It has included the company in its group financial statements, copies of which are available from its registered office: 66 Prescott Street, London, E1 8NN.

In the directors' opinion, the company's parent companies are Aurum Investments Pte Limited and Lee Kim Tah Holdings Limited by virtue of their ownership of the shares of Helmwall Holdings Limited of 50% and 50% respectively and by their shareholder agreement dated 30 September 1997. Both these companies are incorporated in Singapore and their details are as follows:

Aurum Investments Pte Limited 217 Upper Bukit Timah Road, Woh Hup Building, Singapore

Lee Kim Tah Holdings Limited 20 Jalan Afifi, #07-01 Cisco Centre, Singapore 409179

There is no ultimate controlling party;

PAL PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

17 Cash generated from operations

	2021	2020
	£	£
Loss for the year after tax	(125,493)	(2,924,114)
Adjustments for:		
Investment income	-	(106)
Depreciation and impairment of tangible fixed assets	1,144	-
Decrease in inter company balances	-	9,591,627
Movements in working capital:		
Decrease in stocks	11,314,254	10,063,628
(Increase)/decrease in debtors	(165,195)	81,624
Decrease in creditors	(1,280,662)	(10,054,948)
Cash generated from operations	9,744,048	6,757,711

18 Analysis of changes in net funds/(debt)

	1 July 2020	Cash flows	30 June 2021
	£	£	£
Cash at bank and in hand	2,245,956	2,770,909	5,016,865
Borrowings excluding overdrafts	(5,217,484)	5,217,484	-
	(2,971,528)	7,988,393	5,016,865