

Registered number: 11086205

**ASH8 UK HOLD CO PLC AND
SUBSIDIARY UNDERTAKINGS**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

Parent company financial statements for filing alongside the financial statements of ASH8 Investments (The Burges) Limited company number 08083893 in respect of the audit exemption S479A of Companies Act 2006, page 24 (note 12).



**LUBBOCK FINE
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB**

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

CONTENTS

	Page
Company Information	1
Group Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15 - 32

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

COMPANY INFORMATION

DIRECTORS	S McKeown G Shweiry
COMPANY SECRETARY	MWLaw Services Limited
REGISTERED NUMBER	11086205
REGISTERED OFFICE	Second Floor 11 Pilgrim Street London EC4V 6RN
INDEPENDENT AUDITORS	Lubbock Fine Chartered Accountants & Statutory Auditors Paternoster House 65 St Paul's Churchyard London EC4M 8AB

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their Strategic Report and the financial statements for the year ended 31 December 2019.

The comparatives are not entirely comparable and reflects the 13 month period from incorporation on 28 November 2017 to 31 December 2018 whilst the current period reflects the 12 month period ended 31 December 2019. The change in period length is due to the initial accounting period from incorporation. The trading activity of the group commenced on 21 December 2017 with the acquisition of its trading subsidiaries.

BUSINESS REVIEW

The principal activity of the Group during the year was that of operating serviced student accommodation.

The results for the period and the financial position of the Group are shown in the financial statements. The Group has produced a profit after tax in the year of £8,485,114 (2018 - £2,934,544).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to the Group are as follows:

Coronavirus ("COVID-19")

The extent of the impact of the COVID-19 outbreak on the financial performance of the Group will depend on future developments, including the duration and spread of the outbreak and related restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted and this creates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Management regularly monitor the Group's working capital requirements to ensure adequate headroom for its day to day running in light of COVID-19 and annually prepare an operational model which reviews the operations of the Group for the foreseeable future including the 12 months from the date of signing the financial statements. This considers the Group's ability to repay its lenders and suppliers as payments become due and reviews whether the Group will breach any loan covenants in this period. In addition, the Group has implemented various operational actions to mitigate the effect of COVID-19 including cost saving reviews and alternative use of properties in order to improve cashflow.

If COVID-19 continues for an extended period it could cause significant doubt on the ability of the Group to continue as a going concern. However, at this current time the directors consider it appropriate to prepare the accounts on a going concern basis given the forecast trading position of the Group and operational plans that have been put in place.

If the financial markets and/or the overall economy are impacted for an extended period, the Group's results may be materially adversely affected and this could have an impact on the valuation of the Group's investment properties. The potential effects of COVID-19 on the financial statements cannot be determined to date and will be subject to constant monitoring throughout the year.

Student Accommodation Sector

Despite several about turns by the UK government in relation to how student grades are to be used, current views are that A level students are still looking to accept places at universities, although at a slower rate from clearing than previous years. All universities in the UK intend to open in September 2020, however some are offering online learning for the first semester only, and January intakes for post graduate courses. Students are continuing to book and bookings across the sector continue to grow around the country. Due to the countercyclical nature of the student accommodation sector, the Management remains positive that the current recessions will show a positive outcome in the near future and that any shortfall in revenues will only be recorded in the short term.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicator of the Group is profit after tax which was a profit in the year of £8,485,114 (2018 - £2,934,544).

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

Sean McKeown

S McKeown
Director

Date: 30 September 2020

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £8,485,114 (2018 - £2,934,544).

No final dividend has been proposed and no interim dividend has been paid.

DIRECTORS

The Directors who served during the year were:

S McKeown
G Shweiry

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITORS

Under section 487(2) of the Companies Act 2006, Lubbock Fine will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Sean McKeown

S McKeown
Director

Date: 30 September 2020

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

OPINION

We have audited the financial statements of ASH8 UK Hold Co Plc and subsidiary undertakings (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion 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 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.3 in the financial statements, which indicates that the impact of COVID-19 on the Group may cast significant doubt on the Group's ability to continue as a going concern. As stated in note 2.3, these events or conditions, along with other matters as set forth in note 2.3 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Auditors' 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.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS (CONTINUED)

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

RESPONSIBILITIES OF DIRECTORS

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent 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 Group or the parent 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.

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.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS (CONTINUED)

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon de Souza

Simon de Souza (Senior Statutory Auditor)
for and on behalf of
Lubbock Fine
Chartered Accountants & Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 30 September 2020

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	12 month period ended 31 December 2019 £	As restated 13 month period ended 31 December 2018 £
Turnover	4	13,320,632	9,749,655
Cost of sales		(5,122,178)	(3,545,290)
Gross profit		<u>8,198,454</u>	<u>6,204,365</u>
Administrative expenses		(1,096,512)	(584,285)
Fair value movements		10,840,000	-
Operating profit		<u>17,941,942</u>	<u>5,620,080</u>
Profit on disposal of investments		-	3,186,805
Interest receivable and similar income		7	-
Interest payable and expenses	8	(7,684,412)	(6,813,221)
Profit before taxation		<u>10,257,537</u>	<u>1,993,664</u>
Tax on profit	9	(1,772,423)	940,880
Profit for the financial year/period		<u><u>8,485,114</u></u>	<u><u>2,934,544</u></u>
Profit for the year/period attributable to:			
Owners of the parent Company		<u><u>8,485,114</u></u>	<u><u>2,934,544</u></u>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 15 to 32 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Intangible assets	11	12,660,141	12,969,033
Investment property	13	145,840,000	135,000,000
		<u>158,500,141</u>	<u>147,969,033</u>
Current assets			
Stocks	14	65,512	4,228
Debtors: amounts falling due within one year	15	7,142,303	7,789,320
Cash at bank and in hand	16	7,434,250	9,041,182
		<u>14,642,065</u>	<u>16,834,730</u>
Creditors: amounts falling due within one year	17	<u>(12,204,654)</u>	<u>(13,302,898)</u>
Net current assets		<u>2,437,411</u>	<u>3,531,832</u>
Total assets less current liabilities		<u>160,937,552</u>	<u>151,500,865</u>
Creditors: amounts falling due after more than one year	18	(137,727,078)	(138,547,928)
Provisions for liabilities			
Deferred taxation	21	(11,740,816)	(9,968,393)
Net assets		<u>11,469,658</u>	<u>2,984,544</u>
Capital and reserves			
Called up share capital	25	50,000	50,000
Revaluation reserve		8,997,200	-
Profit and loss account		2,422,458	2,934,544
Equity attributable to owners of the parent Company		<u>11,469,658</u>	<u>2,984,544</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Sean McKeown

S McKeown
Director

Date: 30 September 2020

The notes on pages 15 to 32 form part of these financial statements.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	12	1	50,001
Current assets			
Debtors: amounts falling due after more than one year	15	23,369,952	22,339,860
Debtors: amounts falling due within one year	15	7,017,832	7,187,413
		<u>30,387,784</u>	<u>29,527,273</u>
Creditors: amounts falling due within one year	17	(8,284,494)	(8,279,746)
Net current assets		<u>22,103,290</u>	<u>21,247,527</u>
Total assets less current liabilities		<u>22,103,291</u>	<u>21,297,528</u>
Creditors: amounts falling due after more than one year	18	(22,157,550)	(21,229,025)
Net (liabilities)/assets		<u>(54,259)</u>	<u>68,503</u>
Capital and reserves			
Called up share capital	25	50,000	50,000
Profit and loss account		(104,259)	18,503
		<u>(54,259)</u>	<u>68,503</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Sean McKeown

S McKeown

Director

Date: 30 September 2020

The notes on pages 15 to 32 form part of these financial statements.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
Comprehensive income for the period					
Profit for the period (as restated)	-	-	2,934,544	2,934,544	2,934,544
Shares issued during the period	50,000	-	-	50,000	50,000
At 1 January 2019 (as restated)	<u>50,000</u>	<u>-</u>	<u>2,934,544</u>	<u>2,984,544</u>	<u>2,984,544</u>
Comprehensive income for the year					
Profit for the year	-	-	8,485,114	8,485,114	8,485,114
Surplus on revaluation of property net of deferred tax	-	8,997,200	(8,997,200)	-	-
At 31 December 2019	<u><u>50,000</u></u>	<u><u>8,997,200</u></u>	<u><u>2,422,458</u></u>	<u><u>11,469,658</u></u>	<u><u>11,469,658</u></u>

The notes on pages 15 to 32 form part of these financial statements.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive income for the period			
Profit for the period	-	18,503	18,503
Shares issued during the period	50,000	-	50,000
At 1 January 2019	<u>50,000</u>	<u>18,503</u>	<u>68,503</u>
Comprehensive income for the period			
Loss for the year	-	(122,762)	(122,762)
At 31 December 2019	<u><u>50,000</u></u>	<u><u>(104,259)</u></u>	<u><u>(54,259)</u></u>

The notes on pages 15 to 32 form part of these financial statements.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	12 month period ended 31 December 2019 £	As restated 13 month period ended 31 December 2018 £
Cash flows from operating activities		
Profit for the financial year	8,485,114	2,934,544
Adjustments for:		
Amortisation of intangible assets	308,892	213,826
Loss on disposal of intangible assets	-	(3,187,105)
Interest paid	7,684,412	6,813,221
Taxation charge	1,772,423	(841,072)
Increase in stocks	(61,284)	(4,228)
Decrease in debtors	647,017	2,816,261
Decrease in creditors	(2,847,619)	(858,173)
Fair value gain recognised in P&L	(10,840,000)	-
Net cash generated from operating activities	<u>5,148,955</u>	<u>7,887,274</u>
Cash flows from investing activities		
Net payments on acquisition of subsidiaries	-	(60,792,629)
Cash acquired on acquisition of subsidiaries	-	2,419,506
Net cash from investing activities	<u>-</u>	<u>(58,373,123)</u>
Cash flows from financing activities		
Issue of ordinary shares	-	50,000
Loans received in the period	-	64,493,991
Interest paid	(6,755,887)	(5,016,960)
Net cash used in financing activities	<u>(6,755,887)</u>	<u>59,527,031</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,606,932)</u>	<u>9,041,182</u>
Cash and cash equivalents at beginning of year	9,041,182	-
Cash and cash equivalents at the end of year	<u><u>7,434,250</u></u>	<u><u>9,041,182</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>7,434,250</u></u>	<u><u>9,041,182</u></u>

The notes on pages 15 to 32 form part of these financial statements.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

ASH8 UK Hold Co Plc is a public company limited by shares and incorporated in England and Wales with registered number 11086205. The registered office address and principal place of business is Second Floor, 11 Pilgrim Street, London, EC4V 6RN.

The comparatives are not entirely comparable and reflects the 13 month period from incorporation on 28 November 2017 to 31 December 2018 whilst the current period reflects the 12 month period ended 31 December 2019. The change in period length is due to the initial accounting period from incorporation.

The Company's functional and presentational currency is GBP.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.3 Going concern

Management monitor the Group's working capital requirements and with the support of its parent company, the directors consider it is appropriate to prepare the financial statements on a going concern basis. This assumes that the Group will continue in operational existence with the continued support of its parent company for the foreseeable future and for at least 12 months after the signing of the financial statements.

The impact of the COVID-19 outbreak on the financial performance of the Group will depend on future developments, including the duration and spread of the outbreak, the continuing restrictions and the impact of COVID-19 on the overall economy, all of which are highly uncertain and cannot be predicted and this creates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

If the Group is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the assets to their recoverable amounts, provide for further liabilities that may arise and reclassify fixed assets as current assets.

2.4 Turnover

Turnover represents rental income receivable and sale of services from property lettings. All properties are situated in the United Kingdom. Rental income is recognised on a straight line basis over the term of the lease. Any rental incentive or rent free period given is spread over the period of the lease. Sale of services is recognised at the point the service is provided and it is probable the Group will receive the previously agreed upon payment.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life which is deemed to be 50 years.

2.11 Investment property

Investment property is carried at fair value determined annually by the Directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

In the Consolidate Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (continued)

2.18 Financial instruments (CONTINUED)

transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies set out above Group management is required to make certain estimates and judgements concerning the future. These judgements are regularly reviewed and updated as necessary. The estimates and judgements that have the most significant effect on the amounts included in these financial statements are as follows:

Property valuation

The fair value of the investment property is determined by the Directors from a review of comparable real estate, adjusted if necessary for any differences in the nature, location or condition of the specific asset.

Goodwill

Goodwill is amortised over the course of its useful life. Management determine the useful life of the asset based upon cash flow forecasts which involves an element of judgement in assessing the potential future benefits to be derived from these assets. The goodwill balance is reviewed annually for impairment adjustments. Critical judgement is the level of future economic benefits that the Group can expect to receive and any required impairment.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

4. **TURNOVER**

The whole of the turnover is attributable to the principal activity of the Group.

All turnover arose within the United Kingdom.

5. **AUDITORS' REMUNERATION**

	12 month period ended 31 December 2019 £	13 month period ended 31 December 2018 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	18,000	18,000

6. **EMPLOYEES**

Staff costs were as follows:

	Group 12 month period ended 31 December 2019 £	Group 13 month period ended 31 December 2018 £
Wages and salaries		
Wages and salaries	1,256,222	1,044,946
Social security costs	77,626	53,583
Cost of defined contribution scheme	23,941	11,942
	<u>1,357,789</u>	<u>1,110,471</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	Group 12 month period ended 31 December 2019 No.	Group 13 month period ended 31 December 2018 No.	Company 12 month period ended 31 December 2019 No.	Company 13 month period ended 31 December 2018 No.
Administrative staff	87	92	2	2

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

7. INTEREST RECEIVABLE

	12 month period ended 31 December 2019 £	13 month period ended 31 December 2018 £
Bank interest receivable	7	-

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	12 month period ended 31 December 2019 £	As restated 13 month period ended 31 December 2018 £
Loan note interest payable	3,238,785	3,667,846
Group interest payable	4,367,864	3,106,784
Amortisation of loan arrangement fees	77,763	38,591
	<u>7,684,412</u>	<u>6,813,221</u>

See note 26 for details of the prior year adjustment.

9. TAXATION

	12 month period ended 31 December 2019 £	As restated 13 month period ended 31 December 2018 £
Deferred tax		
Origination and reversal of timing differences	<u>1,772,423</u>	<u>(940,880)</u>

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

9. TAXATION (CONTINUED)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	12 month period ended 31 December 2019 £	As restated 13 month period ended 31 December 2018 £
Profit on ordinary activities before tax	10,257,537	1,993,664
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,948,932	378,796
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	58,689	40,626
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(164,168)	183,004
Movement in accelerated capital allowances	(41,193)	165,845
Non-taxable income	(2,059,600)	(605,493)
Unrelieved tax losses carried forward	131,611	(1,003,850)
Group relief	125,728	-
Deferred tax	1,772,424	(99,808)
Total tax charge for the year/period	1,772,423	(940,880)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%.

10. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year/period was £122,762 (2018 - profit £18,503).

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

11. INTANGIBLE ASSETS

Group

	Goodwill £
Cost	
At 1 January 2019 (as previously stated)	14,617,530
Prior Year Adjustment	(1,434,671)
At 1 January 2019 (as restated)	<u>13,182,859</u>
At 31 December 2019	<u>13,182,859</u>
Amortisation	
At 1 January 2019	213,826
Charge for the year on owned assets	308,892
At 31 December 2019	<u>522,718</u>
Net book value	
At 31 December 2019	<u>12,660,141</u>
At 31 December 2018 (as restated)	<u>12,969,033</u>

See note 26 for details of the prior year adjustment.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

12. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	50,001
At 31 December 2019	<u>50,001</u>
Impairment	
At 1 January 2019	-
Charge for the period	50,000
At 31 December 2019	<u>50,000</u>
Net book value	
At 31 December 2019	<u>1</u>
At 31 December 2018	<u>50,001</u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
ASH8 Debt Co UK 1 Plc	England and Wales	Ordinary	100%
ASH8 UK Asset Co Limited	England and Wales	Ordinary	100%

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

12. FIXED ASSET INVESTMENTS (CONTINUED)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
ASH8 Group Holdings Limited	England and Wales	Ordinary	100%
ASH8 Group Limited	England and Wales	Ordinary	100%
ASH8 Investments Pillar Box Properties Limited	England and Wales	Ordinary	100%
ASH8 Investments (Trinity St) Limited	England and Wales	Ordinary	100%
ASH8 Investments (The Burges) Limited	England and Wales	Ordinary	100%
ASH8 Investments (Market Way) Limited	England and Wales	Ordinary	100%
ASH8 Investments (Corporation St) Limited	England and Wales	Ordinary	100%
ASH8 Investments (175 Corp St) Limited	England and Wales	Ordinary	100%
ASH8 Investments (Well St) Limited	England and Wales	Ordinary	100%
ASH8 Investments (Clarendon St) Limited	England and Wales	Ordinary	100%
ASH8 Investments (The Moor) Limited	England and Wales	Ordinary	100%
ASH8 Investments (Castle St) Limited	England and Wales	Ordinary	100%
ASH8 Pillar Box Properties Limited	England and Wales	Ordinary	100%
ASH8 (Trinity St) Limited	England and Wales	Ordinary	100%
ASH8 (The Burges) Limited	England and Wales	Ordinary	100%
ASH8 (Market Way) Limited	England and Wales	Ordinary	100%
ASH8 (Corporation St) Limited	England and Wales	Ordinary	100%
ASH8 (175 Corp St) Limited	England and Wales	Ordinary	100%
ASH8 (Well St) Limited	England and Wales	Ordinary	100%
ASH8 (Clarendon St) Limited	England and Wales	Ordinary	100%
ASH8 (The Moor) Limited	England and Wales	Ordinary	100%
ASH8 (Castle St) Limited	England and Wales	Ordinary	100%

The indirect subsidiary undertakings noted above are exempt from the requirements of the Companies Act relating to the audit of its individual financial statements by virtue of section 479A.

All of the subsidiaries have the same registered office as ASH8 UK Hold Co plc.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

13. INVESTMENT PROPERTY

Group

	Investment property £
Valuation	
At 1 January 2019	135,000,000
Surplus on revaluation	10,840,000
At 31 December 2019	<u>145,840,000</u>

The 2019 valuations were made by the Directors, on an open market value for existing use basis.

14. STOCKS

	Group 2019 £	Group 2018 £
Finished goods	65,512	4,228

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

15. DEBTORS

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due in more than one year				
Amounts owed by group undertakings	-	-	23,369,952	22,339,860
	<u>-</u>	<u>-</u>	<u>23,369,952</u>	<u>22,339,860</u>
	Group	Group	Company	Company
	2019	As restated	2019	As restated
	£	2018	£	2018
		£		£
Amounts falling due in less than one year				
Trade debtors	251,085	151,454	-	-
Amounts owed by group undertakings	6,434,873	6,538,498	7,017,422	7,187,413
Other debtors	242,938	793,092	-	-
Prepayments and accrued income	213,407	306,276	410	-
	<u>7,142,303</u>	<u>7,789,320</u>	<u>7,017,832</u>	<u>7,187,413</u>

See note 26 for details of the prior year adjustment.

16. CASH AND CASH EQUIVALENTS

	Group	Group
	2019	2018
	£	£
Cash at bank and in hand	7,434,250	9,041,182
	<u>7,434,250</u>	<u>9,041,182</u>

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

17. CREDITORS: Amounts falling due within one year

	Group	Group	Company	Company
	2019	As restated	2019	As restated
	£	2018	£	2018
		£		£
Bank loans	2,433,772	4,468,450	-	-
Trade creditors	9,953	238,161	-	-
Amounts owed to group undertakings	2,173,746	1,057,707	8,267,694	8,264,996
Other taxation and social security	17,974	23,534	-	-
Other creditors	255,898	201,252	-	-
Accruals and deferred income	7,313,311	7,313,794	16,800	14,750
	<u>12,204,654</u>	<u>13,302,898</u>	<u>8,284,494</u>	<u>8,279,746</u>

Refer to note 18 for details of security against the bank loans.

See note 26 for details of the prior year adjustment.

18. CREDITORS: Amounts falling due after more than one year

	Group	Group	Company	Company
	2019	As restated	2019	As restated
	£	2018	£	2018
		£		£
Bank loans	100,986,785	101,596,576	-	-
Amounts owed to group undertakings	36,489,525	36,701,434	22,157,550	21,229,025
Other creditors	250,768	249,918	-	-
	<u>137,727,078</u>	<u>138,547,928</u>	<u>22,157,550</u>	<u>21,229,025</u>

See note 26 for details of the prior year adjustment.

Secured creditors

Fixed bank loan notes incur interest at 3.651% and indexed bank loan notes incur interest at 0.419% plus indexation, are secured by way of fixed and floating charges over the assets of the Group and are repayable on 31 December 2055.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

19. LOANS

Analysis of the maturity of loans is given below:

	Group 2019 £	Group As restated 2018 £	Company 2019 £	Company As restated 2018 £
Amounts falling due within 1 year				
Bank loans	2,433,772	4,468,450	-	-
Amounts falling due 1-2 years				
Bank loans	2,464,899	2,345,731	-	-
Amounts falling due 2-5 years				
Bank loans	5,095,453	7,082,233	-	-
Amounts falling due after more than 5 years				
Bank loans	93,426,433	92,168,612	-	-
Amounts owed to group undertakings	36,489,525	36,701,434	22,157,550	21,229,025
	<u>129,915,958</u>	<u>128,870,046</u>	<u>22,157,550</u>	<u>21,229,025</u>
	<u>139,910,082</u>	<u>142,766,460</u>	<u>22,157,550</u>	<u>21,229,025</u>

See note 26 for details of the prior year adjustment.

20. FINANCIAL INSTRUMENTS

	Group 2019 £	Group As restated 2018 £	Company 2019 £	Company As restated 2018 £
Financial assets				
Cash and cash equivalents	7,434,250	9,041,182	-	-
Financial assets that are debt instruments measured at amortised cost	6,713,442	7,264,297	30,387,374	29,527,273
	<u>14,147,692</u>	<u>16,305,479</u>	<u>30,387,374</u>	<u>29,527,273</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(144,081,762)	(145,827,466)	(30,442,045)	(29,508,771)
	<u>(144,081,762)</u>	<u>(145,827,466)</u>	<u>(30,442,045)</u>	<u>(29,508,771)</u>

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of bank loans, other loans, trade creditors, amounts owed by group undertakings, other creditors and accruals.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

21. DEFERRED TAXATION

Group

	2019 £
At beginning of year (as restated)	(9,968,393)
Charged to profit or loss	(1,772,423)
	-
AT END OF YEAR	(11,740,816)

	Group 2019 £	Group As restated 2018 £
Tax losses carried forward	1,004,335	886,577
Accelerated capital allowances	355,607	402,987
Realisable gains on revaluation of investment properties	(13,100,758)	(11,257,957)
	<u>(11,740,816)</u>	<u>(9,968,393)</u>

See note 26 for details of the prior year adjustment.

22. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £23,941 (2018 - £11,942). Contributions totalling £5,319 (2018 - £3,214) were payable to the fund at the balance sheet date and are included in creditors.

23. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	1,343,800	1,343,800
Later than 1 year and not later than 5 years	5,375,200	5,375,200
Later than 5 years	155,992,783	157,336,583
	<u>162,711,783</u>	<u>164,055,583</u>

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

24. COMMITMENTS UNDER OPERATING LEASES AS LESSOR

At 31 December 2019 the Group and the Company had future minimum lease receipts under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	6,718,656	7,382,298

25. SHARE CAPITAL

	2019 £	2018 £
Allotted, called up and fully paid		
50,000 (2018 - 50,000) Ordinary shares of £1.00 each	50,000	50,000

26. PRIOR YEAR ADJUSTMENT

Accrued interest

The interest payable as previously recorded in the consolidated financial statements for the period ended 31 December 2018 was understated by £536,929 due to accrued interest charges being incorrectly omitted. An adjustment was therefore processed to correct the interest charges and corresponding other loan balance (>1 year). The impact of this adjustment is a reduction in the net assets as at 31 December 2018 of £536,929 and a corresponding increase in other loans (>1 year).

The above error impacts the consolidated position only and there was no restatement to the Company figures.

Goodwill

The goodwill figure recognised in the consolidated financial statements for the period ended 31 December 2018 was understated by £332,746 due to various balances being omitted from its subsidiaries accounts at acquisition. An adjustment was therefore processed to correct the goodwill balance and to recognise the previously unrecognised balances. The impact of this adjustment is, as at 31 December 2018:

- an increase in goodwill of £332,746
- an increase in prepayment and accrued income (<1 year) of £3,108
- a decrease in other debtors (<1 year) of £9,162
- a decrease in amounts owed by group undertakings (<1 year) of £14,554
- a decrease in trade creditors (<1 year) of £10,297
- an increase in accruals and deferred income (<1 year) of £66,687
- an increase in bank loans (>1 year) of £5,830
- an increase in other creditors (>1 year) of £249,918

The above error impacts the consolidated position only and there was no restatement to the Company figures. There was no impact on the net asset position as at 31 December 2018 as a result of the above error.

ASH8 UK HOLD CO PLC AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

26. PRIOR YEAR ADJUSTMENT (CONTINUED)

Deferred tax

The deferred tax liability recognised on acquisition of the subsidiaries and position in the financial statements at 31 December 2018 has been amended to account for the recognition of a deferred tax asset in respect of capital allowances which are expected to be fully utilised by the Group. An adjustment was therefore processed to amend the deferred tax liability, including consideration of the impact on goodwill. The impact of this adjustment is a reduction in goodwill of £1,981,243 as at 31 December 2018, a reduction in the deferred tax liability of £2,081,051 as at 31 December 2018 and an increase in the net assets of £99,808 as at 31 December 2018.

The above error impacts the consolidated position only and there was no restatement to the Company figures.

Accrued interest ageing

A prior year adjustment has been recognised to amend the ageing of accrued interest based on the terms of the loan agreement. The impact of this adjustment is an increase in amounts owed to group undertakings (<1 year) of £1,057,707 as at 31 December 2018 and a corresponding decrease in amounts owed to group undertakings (>1 year). There was no impact on the net asset position as at 31 December 2018 as a result of the above error.

The above error has the same impact on both the Company figures and consolidated position.

27. POST BALANCE SHEET EVENTS

The extent of the impact of COVID-19 outbreak on the financial performance of the Company and Group will depend on future developments, including the duration and spread of the outbreak and related advice and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company and Group's results may be materially adversely affected and this could have an impact on the valuation of the Group's investment properties and impact the revenue recognised for student rentals. The potential effects of COVID-19 on the financial statements cannot be determined to date and will be subject to constant monitoring throughout the year.

28. PARENT COMPANY

The ultimate holding company is Arlington Student Holdings (No.8) Limited, a company incorporated in Jersey.