

**COMPANY REGISTRATION NUMBER: 09940284**

**Armatire Limited**  
**Financial Statements**  
**31 March 2020**



## **Armatire Limited**

### **Officers and Professional Advisers**

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<b>Director</b>	K R Spencer
<b>Company secretary</b>	C J Payne
<b>Registered office</b>	45 Westerham Road Bessels Green Sevenoaks Kent TN13 2QB
<b>Auditor</b>	Mercer & Hole Chartered Accountants Trinity Court Church Street Rickmansworth WD3 1RT
<b>Bankers</b>	National Westminster Bank Plc 27 South Street Worthing West Sussex BN11 3AR

# **Armature Limited**

## **Strategic Report**

**Year ended 31 March 2020**

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### **Principal activities**

The principal activity of Armature Limited during the period was that of a group holding company. The principal activities of subsidiaries of Armature Limited are as follows: sub group holding company, property development, investment and management, jet aircraft investment and charter aircraft service, and provision of hotel accommodation, venue hire and food and beverage.

### **Results and performance**

The results for the period are set out on page 12 and show a loss before taxation for the year of £23,729,736 (2019: £15,603,972). The director has not recommended the payment of a dividend.

The groups operating loss decreased from a loss of £6,638,092 to £5,134,953. The group is reporting a loss before tax of £23,729,736 compared to £15,603,972 in the previous year. Results include a fair value adjustment on investment properties resulting in a profit of £3,713,949 (2019: £4,785,577 loss).

The group results for the year include amortisation and impairment of goodwill for the year of £4,286,992 and a share of profits for the year of associated undertakings of £1,112,579. The group results also reflect an additional depreciation charge of £205,902 due to a subsidiary's freehold investment property being treated as freehold land and buildings as it is occupied by a fellow subsidiary of SQIB Limited. This different accounting treatment results in the restriction of indexation relief allowed on the potential gain on disposal of the freehold land and building at its carrying value at 31 March 2020

The key driver of the decrease in operating losses is the increase in turnover from £25,269,814 in 2019 to £30,696,473 in 2020. This is largely due to increased turnover in Zenith Aviation Limited (c£3.4m) and Salomons UK Limited (c£1m). However, losses before taxation have increased significantly from £15,603,972 in 2019 to £23,729,736 in 2020. The key driver of the increased losses is due to a £9,000,000 impairment against a holding of Markerstudy Holdings Limited preference shares in Bishops UK Limited and also a one-off loan balance of £6,303,288 being written off in SQIB Limited.

The group total comprehensive loss for the year was £24,144,201 (2019: £14,310,097). As a result the group is showing a shareholders deficit of £43,586,229 (2019: £19,442,028) at 31 March 2020.

The parent company results for the period show a loss before taxation of £5,756,433 (2019: £2,743,700).

### **Going concern**

The group's business activities, together with the factors likely to affect its future development, performance and position are set out elsewhere in this Strategic Report, which also makes reference to the group's financial risk management objectives, including exposure to liquidity risk. The group meets its day to day working capital requirements through the support of its directors.

The financial statements have been prepared on the going concern basis as the director K R Spencer has undertaken to provide financial support, as required, to enable the group to continue to trade for a period of at least twelve months from the date of approval of these statements.

Note 3 on pages 19 and 20 sets out the consequential material uncertainty in relation to going concern and the effect of the Covid-19 virus pandemic, the impact of which is described further down in this report.

Should the group be unable to meet its liabilities as they fall due, adjustments would have to be made to restate fixed assets as current assets and reduce the value of assets to their recoverable amounts and to provide for any further liabilities as they arise.

## **Armatire Limited**

### **Strategic Report** *(continued)*

**Year ended 31 March 2020**

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#### **Future outlook**

The company will continue to be a holding company for all of its subsidiaries. No further acquisitions are planned. During the year, Ozbury Limited, a shareholder of SQIB Limited, acquired the entire issued share capital of VS 106 Limited and VS 506 Limited pursuant to the terms of a call option agreement for a payment of £1.00.

55 VS No 2 Limited had stock held for development of £Nil at 31 March 2020. This followed the sale of 3 apartments in the year to 31 March 2020. The view of the directors is that the sale of the remaining apartments is likely to prove difficult in the current environment and the remaining properties are to be reclassified as investment property as at 29 February 2020, which reflects the reality that these assets are now likely to be held for the long term.

The maintenance department within the Aviation division, comprising Zenith Aviation Limited, Jet Aircraft Limited and Zenith Aircraft Limited, has continued to see healthy results and profits both now and throughout the covid-19 pandemic and subsequently since the relaxation of restrictions, the business has seen an increase in demand for charter. New customers are entering the market, which will support both future charter and engineering revenue.

Prior to the impact of Covid-19, management were continuing to focus on maximising revenue in Salomons UK Limited by increasing the volume of wedding bookings, event bookings, and restaurant/bar sales. As restrictions have been relaxed this has now become a key focus once again, looking at new sales opportunities in the market place and enhancing the existing businesses products. In addition, management are continuing to review fixed costs to achieve cost savings and efficiencies wherever possible.

Management have reviewed any loss-making parts of each operation and in most cases removed them. There has been additional focus on squeezing value from existing assets to maximise profits without additional capital expenditure. This has proved successful, following the lifting of restrictions, and Salomons UK has and continues to benefit from ongoing business growth and increase in volume through the strong spring and summer seasons through 2021 and onwards.

Businesses across the Group have continued the discipline and cost cutting that was necessary during the period of lockdowns to operate more efficiently.

#### **Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of procedures and internal controls which are subject to Board approval and ongoing review by management and risk management. Compliance with regulation, legal and ethical standards is a high priority for the company and group and the compliance team and finance department take on an important oversight role in this regard. The Board is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

The principal risks to the group are factors that affect property valuations and rental income streams such as Covid-19 mentioned below. This would have an impact on Bewl Events & Waterpark Limited, Bishops UK Limited, Connect Centre Limited, Goswell Properties Limited and 55VS No 2 Limited and could affect revenue within Integra Property Management Limited. Increase in local competition to provide hotel accommodation, venue and room hire would affect the revenue achievable within Salomons UK Limited. Increase in global fuel prices would lead to a reduction in gross profit margin for Zenith Aviation Limited and rising utility costs across the group.

## **Armatire Limited**

### **Strategic Report** *(continued)*

**Year ended 31 March 2020**

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#### *Covid-19 virus pandemic*

The ongoing worldwide pandemic of Covid-19 has had a significant impact on the short-term performance of the group. The Government-imposed travel bans meant all aircraft in the aviation division were temporarily grounded. Whilst this had a significant negative impact on chartering in the short term, maintenance was at capacity for the period as aircraft owners were using this as an opportunity to carry out major maintenance and upgrades. Following the governments lifting of the travel restrictions, the aviation division have seen Chartering's volume and revenue recover to almost pre-pandemic levels as we see both leisure and business travellers now looking to book flights considerably more frequently. Albeit the impact and benefit of this was slower in the first half of 2021 but has seen the peak season extended through the second half of 2021 and onwards.

Salomons UK Limited and the trade at Bewl Water during the height of the pandemic had also suffered due to the social distancing measures imposed. Conferences, weddings and other private events have been cancelled or postponed, and the hotel, Aqua Park, and leisure facilities were all forced to close temporarily.

Despite this the leisure division have seen a recovery in the volume and turnover as restrictions have been lifted. This is due to customers rebooking weddings, events and conferences with higher attendance numbers, along with food, beverage and hotel room occupancy also increasing on a business as usual basis as the general public become more comfortable with the post-pandemic situation and life returning to normality.

Income of the property division is protected by legally enforceable lease agreements, but cash flows were affected by some lease deferrals.

Despite the continued widespread roll out of a Covid-19 vaccine, there is still some uncertainty due to several variants that have become prevalent globally. The UK Government are reluctant to reintroduce a full national lockdown, but it cannot be ruled out. There is medium to long term uncertainty and risk in the commercial and residential property markets as to valuations and sustainable rental values, however greater understanding of these risks will be known when the longer-terms effect of the pandemic from the virus on the property market is clearer and to what extent it changes demand and working practices.

Management have taken several steps to mitigate the impact of the reductions to turnover caused by the Covid-19 pandemic. This included reducing headcount within Integra Property Management's maintenance team, controlling leisure's casual staffing and considering areas where it can refocus on higher contribution areas of the business, centralise support functions and implement other cost savings in the longer term. Despite the ongoing uncertainty as to the longevity of the Covid-19 crisis and its continued impact, the directors now feel that they are in a better position to be able to predict and where possible react should any further impact from the pandemic arise. Therefore, the director KR Spencer is committed to supporting all the Armatire subsidiary companies and this is expected to continue for the foreseeable future. The impact of Covid-19 is also considered in the going concern accounting policy in note 3 on pages 19 and 20.

SQIB subsidiary companies have a number of bank and other loans to help finance previous acquisitions of companies and properties. These bank loans and other loans are subject to interest charges and the group is at risk to any increases in either the base rate and/or the LIBOR. The Aviation loans, entered into to finance the acquisition of aircraft, are USD denominated. The businesses' cash flows and loan values are exposed to currency fluctuations due to a strengthening U.S. Dollar or weaker Pound.

# Armature Limited

## Strategic Report *(continued)*

### Year ended 31 March 2020

#### *Covid-19 virus pandemic (continued)*

Armature subsidiary companies have a number of bank and other loans to help finance previous acquisitions of companies and properties. These bank loans and other loans are subject to interest charges and the group is at risk to any increases in either the base rate and/or the LIBOR.

#### **Key performance indicators**

The group closely monitors its performance against a series of measures on a monthly and year to date basis. These cover key aspects of the business operations including debtors, creditors, expenses and cash flow. Expenses are monitored monthly by expense type and cash flow is monitored daily.

The group also monitors turnover, gross profit margin and operating profit/(loss). For the subsidiary company that provides hotel accommodation, its key performance indicator is to monitor occupancy. For the subsidiary that provides charter flights, its key performance indicator is the number of charters and number of non flying days. In addition, for the seven subsidiaries that invest and develop property they monitor the investment property valuations for capital growth.

	2020	2019
	£	£
Group Turnover	30,696,473	25,269,814
Group Gross Profit	9,661,397	9,029,852
Group Operating Loss	(5,134,953)	(6,638,092)
Group Comprehensive Loss	(24,144,201)	(14,310,097)

For the year ended 31 March 2020, the group's gross profit percentage was 31.5% (2019: 35.7%).

	2020	2019
	£	£
Group Net Current (Liabilities)/Assets	(36,237,563)	4,449,729
Group Net Liabilities	(43,586,229)	(19,442,028)

The group now has net current liabilities decreasing from net current assets of £4,449,729 last year by £40,687,292. Preference share capital held by the group was impaired during the year amounting to £9,000,000. Impairment of amounts due from related parties totalling £6,303,288 were also incurred by SQIB Limited.

The group's net liabilities have increased from the prior year by £24,144,201. Losses incurred by Bishops UK Limited, Salomons Limited and Zenith Aviation Limited contributed to the deterioration of the net balance sheet position.

For each of the subsidiary companies within the group, the level of trade debtors is monitored on a regular basis and each review examines the ageing of the debt to ensure that the debtor days does not exceed an excessive level. Management also monitors the level of trade creditors on a regular basis with the aim to maximise the level of credit available to the group within normal credit terms offered to it by suppliers.

## Armatire Limited

### Strategic Report *(continued)*

Year ended 31 March 2020

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#### Financial risk management objectives

The group is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund obligations as they fall due.

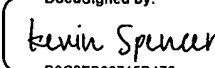
*Credit risk* - Credit risk is that the customer will be unable to pay amounts in full when due. The group manages this risk by reviewing suitable credit terms for each new customer and after suitable checks have been performed.

*Cash flow risk* - Cash flow risk is that the group will not have sufficient cash resources to meet its obligations as they fall due, in particular, interest charges and loan repayments. The group manages this risk through efficient working capital management and monitors its bank balances daily.

#### Non financial key performance indicators

The Strategic report does not include any non financial key performance indicators as the directors consider it is not necessary for an understanding of the development, performance or position of the group's business.

This report was approved by the director on 7/9/2022

DocuSigned by:  
  
B8C3FB09715B478...  
K R Spencer  
Director

Registered office:  
45 Westerham Road  
Bessels Green  
Sevenoaks  
Kent  
TN13 2QB

## **Armatire Limited**

### **Director's Report**

**Year ended 31 March 2020**

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The director presents his report and the financial statements of the group for the year ended 31 March 2020.

#### **Director**

The director who served the company during the year was as follows:

K R Spencer

#### **Dividends**

The director does not recommend the payment of a dividend.

#### **Disclosure of information in the strategic report**

Matters required by Schedule 7 of the large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414c(11) of the Companies Act 2006.

#### **Events after the end of the reporting period**

Particulars of events after the reporting date are detailed in note 28 to the financial statements.

#### **Auditor**

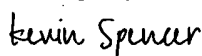
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

Mercer & Hole were reappointed during the period and have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

7/9/2022

This report was approved by the director on .....

DocuSigned by:  
  
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K R Spencer  
Director

Registered office:  
45 Westerham Road  
Bessels Green  
Sevenoaks  
Kent  
TN13 2QB



## **Armatire Limited**

### **Director's Responsibilities Statement**

**Year ended 31 March 2020**

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The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the director is 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 group and the company will continue in business.

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

## **Armatire Limited**

### **Independent Auditor's Report to the Members of Armatire Limited**

**Year ended 31 March 2020**

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#### **Opinion**

We have audited the financial statements of Armatire Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 3 on pages 19 and 20 of the financial statements concerning the group's and the company's ability to continue as a going concern.

The group had net current liabilities of £36,237,563 and net liabilities of £43,586,229 at 31 March 2020 which included £121,597,558 owed to other related parties. The company had net current liabilities of £28,593,218 and net liabilities of £8,559,303 at 31 March 2020 which included £49,235,854 owed to group companies and other related parties. The group and the company will rely on the ongoing support of those companies and related parties and K R Spencer to continue to trade and meet its liabilities as they fall due. The ability of group companies, related parties and K R Spencer to provide ongoing support may be adversely affected by external factors outside the control of shareholders. Given the unpredictable nature of the global economy, the directors are unable to predict the full extent of the impact on the going concern basis of accounting and its related disclosures. As stated in note 3 on pages 19 to 20, these events or conditions, along with the other matters explained in note 3 indicate that a material uncertainty exists that may cast significant doubt on the company's and the group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

## **Armature Limited**

### **Independent Auditor's Report to the Members of Armature Limited** *(continued)*

**Year ended 31 March 2020**

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#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Armatire Limited**

### **Independent Auditor's Report to the Members of Armatire Limited** *(continued)*

**Year ended 31 March 2020**

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#### **Responsibilities of the director**

As explained more fully in the director's responsibilities statement set out on page 8, the director is 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 director 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

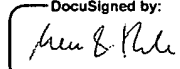
#### **Auditor's responsibilities for the audit of the financial statements**

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Alexander Bell FCA (Senior Statutory Auditor)

For and on behalf of  
Mercer & Hole, Statutory Auditor  
Chartered Accountants  
Trinity Court  
Church Street  
Rickmansworth  
Hertfordshire  
WD3 1RT

7/9/2022

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**Armatire Limited****Consolidated Statement of Comprehensive Income****Year ended 31 March 2020**

	Note	2020 £	2019 £
<b>Turnover</b>	<b>4</b>	<b>30,696,473</b>	25,269,814
Cost of sales		(21,035,076)	(16,239,962)
<b>Gross profit</b>		<b>9,661,397</b>	9,029,852
Distribution expenses		(76,593)	(21,888)
Administrative expenses (including impairment of goodwill - £1,410,818 (2019: £4,055,286))		(16,042,350)	(17,273,620)
Other operating income	5	1,322,593	1,627,564
<b>Operating loss</b>	<b>6</b>	<b>(5,134,953)</b>	(6,638,092)
Share of profit of associates	15	1,112,579	(179,804)
Gain on disposal of subsidiary undertakings		472,405	-
Loan written off		(6,303,288)	1,923,151
Other interest receivable and similar income	9	2,523,567	343,279
Fair value gain on investment properties	13	3,713,949	(4,785,577)
Changes in fair value of investments		(9,000,000)	-
Bad debt expense		(114,578)	1,096,969
Interest payable and similar expenses	10	(10,999,417)	(7,363,898)
<b>Loss before taxation</b>		<b>(23,729,736)</b>	(15,603,972)
Tax on loss	11	(414,465)	1,293,875
<b>Loss for the financial year/period</b>		<b>(24,144,201)</b>	(14,310,097)
Loss attributable to:			
Owners of the parent		(19,355,163)	(13,165,956)
Non-controlling interest		(4,789,038)	(1,144,141)
		<b>(24,144,201)</b>	(14,310,097)
Tax on revaluation of freehold land and buildings		-	-
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(24,144,201)</b>	(14,310,097)
Total comprehensive income for the year attributable to:			
Owners of the parent		(19,355,163)	(13,165,956)
Non-controlling interest		(4,789,038)	(1,144,141)
		<b>(24,144,201)</b>	(14,310,097)

All the activities of the group are from continuing operations.

The notes on pages 19 to 46 form part of these financial statements.

**Armatire Limited****Consolidated Statement of Financial Position****31 March 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	12	3,324,659	7,614,898
Negative goodwill	12	(9,912)	(13,159)
		<u>3,314,747</u>	<u>7,601,739</u>
Freehold investment properties	13	136,870,532	93,416,750
Tangible assets	14	33,044,610	32,911,429
Investments	15	635,982	9,000,076
		<u>173,865,871</u>	<u>142,929,994</u>
<b>Current assets</b>			
Stocks	16	729,997	47,481,552
Debtors due within one year	17	64,589,808	59,676,389
Debtors due after more than one year	17	26,294,113	31,531,543
Cash at bank and in hand		<u>3,142,523</u>	<u>3,862,564</u>
		<u>94,756,441</u>	<u>142,552,047</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(130,994,004)</u>	<u>(138,102,318)</u>
<b>Net current (liabilities)/assets</b>		<u>(36,237,563)</u>	<u>4,449,729</u>
<b>Total assets less current liabilities</b>		<u>137,628,308</u>	<u>147,379,723</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(176,792,009)</u>	<u>(162,211,520)</u>
Deferred tax	20	<u>(4,422,528)</u>	<u>(4,610,231)</u>
<b>Net liabilities</b>		<u>(43,586,229)</u>	<u>(19,442,028)</u>
<b>Capital and reserves</b>			
Called up share capital	24	9,354	9,354
Investment properties revaluation reserve	25	3,662,282	459,922
Profit and loss account	25	<u>(42,385,238)</u>	<u>(18,760,262)</u>
<b>Equity attributable to the owners of the parent company</b>		<u>(38,713,602)</u>	<u>(18,290,986)</u>
<b>Non-controlling interests</b>		<u>(4,872,627)</u>	<u>(1,151,042)</u>
		<u>(43,586,229)</u>	<u>(19,442,028)</u>

These financial statements were approved by the director and authorised for issue on  
 7/9/2022.....

DocuSigned by:

Kevin Spencer

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K R Spencer  
 Director

Company registration number: 09940284

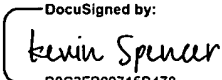
The notes on pages 19 to 46 form part of these financial statements..

**Armatire Limited****Company Statement of Financial Position****31 March 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	15	42,553,915	46,754,147
<b>Current assets</b>			
Debtors due after more than one year	17	7,950,926	7,950,926
Debtors due within one year	17	13,144,223	9,718,467
Cash at bank and in hand		347,120	438,807
		<u>21,442,269</u>	<u>18,108,200</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(50,035,487)</u>	<u>(45,545,217)</u>
<b>Net current liabilities</b>		<u>(28,593,218)</u>	<u>(27,437,017)</u>
<b>Total assets less current liabilities</b>		<u>13,960,697</u>	<u>19,317,130</u>
<b>Creditors: amounts falling due after more than one year</b>	19	<u>(22,520,000)</u>	<u>(22,120,000)</u>
<b>Net liabilities</b>		<u>(8,559,303)</u>	<u>(2,802,870)</u>
<b>Capital and reserves</b>			
Called up share capital	24	9,354	9,354
Profit and loss account	25	<u>(8,568,657)</u>	<u>(2,812,224)</u>
<b>Shareholders' deficit</b>		<u>(8,559,303)</u>	<u>(2,802,870)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The loss for the financial year of the parent company was £5,756,433 (2019: £2,743,700).

These financial statements were approved by the director and authorised for issue on 7/9/2022

DocuSigned by:  
  
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K R Spencer  
 Director

Company registration number: 09940284

The notes on pages 19 to 46 form part of these financial statements.

**Armature Limited****Consolidated Statement of Changes in Equity****Year ended 31 March 2020**

	Called up share capital £	Investment properties revaluation reserve £	Profit and loss account £	Attributable to the owners of the parent company £	Non- controlling interests £	Total £
<b>At 1 April 2018</b>	9,354	1,824,146	(7,984,363)	(6,150,863)	1,683,055	(4,467,808)
Loss for the financial year	-	-	(13,165,956)	(13,165,956)	(1,144,141)	(14,310,097)
<b>Total comprehensive income for the year</b>	-	-	(13,165,956)	(13,165,956)	(1,144,141)	(14,310,097)
Acquisition of non-controlling interest	-	-	-	-	133,546	133,546
Reclassification from revaluation reserve to profit and loss account	-	(1,364,224)	1,852,998	488,774	(488,774)	-
Disposal of non-controlling interest	-	-	498,741	498,741	(1,296,410)	(797,669)
Transfer	-	-	38,319	38,319	(38,319)	-
<b>At 31 March 2019</b>	<b>9,354</b>	<b>459,922</b>	<b>(18,760,260)</b>	<b>(18,290,985)</b>	<b>(1,151,043)</b>	<b>(19,442,028)</b>

The consolidated statement of changes in equity  
continues on the following page.

The notes on pages 19 to 46 form part of these financial statements.



## Armature Limited

### Consolidated Statement of Changes in Equity *(continued)*

Year ended 31 March 2020

	Called up share capital £	Investment properties revaluation reserve £	Profit and loss account £	Attributable to the owners of the parent company £	Non- controlling interests £	Total £
Loss for the financial year			(19,355,163)	(19,355,163)	(4,789,038)	<b>(24,144,201)</b>
<b>Total comprehensive income for the year</b>			(19,355,163)	(19,355,163)	(4,789,038)	<b>(24,144,201)</b>
Reclassification to revaluation reserve from profit and loss account		3,202,360	(4,269,813)	(1,067,453)	1,067,453	-
<b>At 31 March 2020</b>	<b>9,354</b>	<b>3,662,282</b>	<b>(42,385,238)</b>	<b>(38,713,601)</b>	<b>(4,872,627)</b>	<b>(43,586,229)</b>

The notes on pages 19 to 46 form part of these financial statements.

**Armatire Limited****Company Statement of Changes in Equity****Year ended 31 March 2020**


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	Called up share capital £	Profit and loss account £	Total £
<b>At 1 April 2018</b>	9,354	(68,524)	<b>(59,170)</b>
Loss for the year		(2,743,700)	<b>(2,743,700)</b>
<b>Total comprehensive income for the year</b>		<b>(2,743,700)</b>	<b>(2,743,700)</b>
<b>At 31 March 2019</b>	<u>9,354</u>	<u>(2,812,224)</u>	<u><b>(2,802,870)</b></u>
Loss for the year		(5,756,433)	<b>(5,756,433)</b>
<b>Total comprehensive income for the year</b>		<b>(5,756,433)</b>	<b>(5,756,433)</b>
<b>At 31 March 2020</b>	<u>9,354</u>	<u>(8,568,657)</u>	<u><b>(8,559,303)</b></u>

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The notes on pages 19 to 46 form part of these financial statements.

**Armatire Limited****Consolidated Statement of Cash Flows****Year ended 31 March 2020**

		2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed by) operations	31	15,001,467	(71,307,761)
Interest paid		(10,219,730)	(5,957,105)
Income taxes (paid)/ received		(2,474)	34,082
Net cash from/(used in) operating activities		<u>4,779,263</u>	<u>(77,230,784)</u>
<b>Investing activities</b>			
Purchase of tangible assets		(2,046,514)	(7,182,958)
Proceeds on disposal of tangible fixed assets		3,324	1,495
Purchase of investment property		(2,463,297)	(21,485,241)
Proceeds on disposal of investment property		-	4,665,000
Purchase of subsidiaries (net of cash acquired)		-	(6,300,886)
Proceeds on disposal of subsidiaries (net of cash disposed)		(651,485)	-
Purchase of other investments		-	(40)
Proceeds on disposal of preference shares		-	28,214,151
Interest received		2,523,567	343,279
Net cash generated from/(used in) investing activities		<u>(2,634,405)</u>	<u>(1,745,200)</u>
<b>Financing activities</b>			
Proceeds of bank loans		2,774,000	87,214,873
Proceeds of new bank loans		501	-
Repayment of bank loans		(5,639,402)	(8,047,703)
Acquisition of non-controlling interest		-	133,547
Disposal of non-controlling interest		-	(797,669)
Net cash used in financing activities		<u>(2,864,901)</u>	<u>78,503,048</u>
Net decrease in cash and cash equivalents		<u>(720,043)</u>	<u>(472,936)</u>
Cash and cash equivalents at beginning of year		3,862,566	4,335,502
Effect of foreign exchange rates		-	-
Cash and cash equivalents at end of year		<u>3,142,523</u>	<u>3,862,566</u>
<b>Relating to</b>			
Cash at bank and in hand		<u>3,142,523</u>	<u>3,862,566</u>

The notes on pages 19 to 46 form part of these financial statements..

# Armature Limited

## Notes to the Financial Statements

Year ended 31 March 2020

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### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the historical cost basis, modified to include certain financial assets and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity. All balances are rounded to the nearest £.

#### Reduced disclosures

The company is a qualifying entity for the purposes of FRS 102, being a parent of a group that prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The company has therefore taken advantage of exemptions from the following disclosures requirements for parent company only information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment; interest income/expense and net gains/losses for financial instruments measured at amortised cost; loan defaults or breaches, and descriptions of hedging relationships.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

#### Going concern

The group made a loss before tax of £23,729,736 (2019: £15,603,972) during the year ended 31 March 2020. At 31 March 2020 the group had net current liabilities of £36,237,564 (2019: net current assets of £4,449,729) and net liabilities of £43,586,229 (2019: £19,442,028) including amounts due from other related parties of £47,181,795 (2019: £32,301,725). At 31 March 2020 the group owed £121,697,558 (2019: £113,121,878) to other related parties.

At 31 March 2020 the company had net current liabilities of £28,593,218 (2019: £27,437,017) including £13,072,353 (2019: £9,848,204) due from group companies and related parties. At 31 March 2020 the company owed £49,235,854 (2019: £44,368,516) to group companies and other related parties.

## Armatire Limited

### Notes to the Financial Statements

Year ended 31 March 2020

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#### 3. Accounting policies *(continued)*

##### Going concern *(continued)*

The financial statements have been prepared on a going concern basis which assumes that the group and the company will be able to continue in operational existence for at least twelve months from the date of approval of these financial statements. This depends on the group and the company continuing to meet its day to day working capital requirements.

In addition, K R Spencer has confirmed that he will provide continuing financial support to the group and the company for a period of at least 18 months from the date these financial statements are approved such that the group and the company will continue to be able to meet their obligations as they fall due.

The directors have continued to consider the effect of the ongoing worldwide pandemic of Covid-19, which has made an impact on the short-term performance of the group as detailed in the Strategic Report on page 4. Should the economic impacts reoccur following the recent pandemic recovery and be longer lasting and results in widespread corporate failure across the economy then the risk to the business will again increase significantly, as assets may not be recoverable in order to settle creditor balances as they become payable and loans could be repayable if the group is unable to meet or renegotiate loan covenants which were breached during the year.

Management have taken, and continue to take, several steps to mitigate the impacts being caused by the Covid-19 pandemic. Albeit we are now seeing income and volumes begin to recover to pre-pandemic levels. The steps which have been taken include a reduction in headcount in some areas of the business and controlling the use of casual staffing in the leisure areas, as well as a refocus on looking at new sales opportunities in the market place, enhancing the existing business products and in some areas of the group where processes, centralisation and synergies can be looked at to generate cost savings.

Given the unpredictable nature and impact of the outbreak, and how rapidly the responses by the Government to the outbreak were changing, the directors now feel that they are in a better position to be able to predict and where possible react should any further impact from the pandemic arise. Therefore giving more certainty with regards to the going concern basis of accounting and its related disclosures.

The Group, group companies and K R Spencer have a number of options available to generate cash flows to meet the group's and the company's working capital requirements including potential asset disposals or additional funds provided by external borrowings or by its shareholders. However the ability to generate these additional funds will depend on the economic conditions which have improved in recent months following the reduction in restrictions in relation to the pandemic which is providing more certainty to the economy.

After making enquiries and considering the impacts described above, the directors have a reasonable expectation that the group and the company will have adequate resources to continue in operational existence over the twelve months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

## **Armatire Limited**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 March 2020**

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#### **3. Accounting policies** *(continued)*

##### **Consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the statement of comprehensive income after or up to the date that control passes respectively.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill represents the excess of the consolidation for an acquired undertaking, compared with the fair value of net assets acquired. It is capitalised and written off evenly over 5 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **Non-controlling interests**

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

##### **Revenue recognition**

The turnover shown in the profit and loss account is exclusive of Value Added Tax and represents amounts receivable in respect of rental income, property management fees, hotel accommodation, food and beverage sales, venue hire and aircraft leasing services provided during the period. Revenue is recognised when the amount of revenue can be reliably measured at the point when goods and services have been provided.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

# Armatire Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

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#### 3. Accounting policies *(continued)*

##### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

##### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

##### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### Intangible assets

Goodwill is capitalised and written off evenly over 5 years as in the opinion of the director, this represents the period over which the goodwill is expected to give rise to economic benefits.

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# Armatire Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

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#### 3. Accounting policies *(continued)*

##### Intangible assets *(continued)*

Negative goodwill arises when the fair value of the consideration for an acquired undertaking, or acquired trade and assets, is less than the fair value of the separable net assets. The amount up to the value of the non-monetary assets acquired is credited to the profit and loss account in the period in which those non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit, which the director considers to be 5 years.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Individual freehold and leasehold properties, other than investment properties, are revalued to fair value every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged or credited to the profit and loss account.

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

F&F, P&M and Hotel Equipment	- 10% - 25% straight line
Leasehold improvements	- 20% straight line
Freehold land and buildings	- 2% straight line
Office & IT Equipment	- 20% - 33% straight line

##### Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

##### Investments

In the separate accounts of the company, interests in subsidiaries and associates are initially measured at cost and subsequently at cost less any accumulated impairment losses.

Interests in subsidiaries and associates are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the profit or loss.

##### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition including capitalised interest costs in respect of development property.



## Armatire Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2020

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#### 3. Accounting policies *(continued)*

##### Financial instruments

###### **Financial assets**

The group 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 assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables 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.

###### **Financial assets at fair value through profit or loss**

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

###### **Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

###### **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. The impairment loss 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 when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

###### **Financial liabilities**

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

## **Armatire Limited**

### **Notes to the Financial Statements** *(continued)*

**Year ended 31 March 2020**

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#### **3. Accounting policies** *(continued)*

##### **Financial instruments** *(continued)*

###### ***Other financial liabilities***

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

###### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

##### **Judgements and key sources of estimation uncertainty**

In the application of the group's and company's accounting policies, the director is 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The director does not consider there to be estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

###### ***Valuation of investment properties***

The key accounting estimate in preparing these financial statements relates to the carrying value of the investment properties which are stated at fair value. The group uses lease terms, market conditions and sales prices based upon known market transactions for similar properties as a basis for determining the directors' estimation of the fair value of the investment properties. However, the valuation of the group's investment properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate. In addition, the deferred tax liabilities recognised in respect of the fair values gains and losses on these investment properties are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of these future events and as to the future events and as to the future tax rates that will be applicable.

## **Armatire Limited**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 March 2020**

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#### **3. Accounting policies** *(continued)*

##### **Judgements and key sources of estimation uncertainty** *(continued)*

###### ***Carrying value of preference share investment***

The group holds an investment in preference shares in Markerstudy Holdings Limited a related party, at a cost of £9,000,000 (2019: £9,000,000). The conditions attaching to these preference shares resulted in classification as Section 11 financial instruments under FRS 102. Nonetheless, a requirement to carry these at fair value is still present. Post year end, the preference shares were acquired for a nominal value and thus an impairment of £9,000,000 has been recorded in the profit and loss account for the year ended 31 March 2020.

###### ***Carrying value of investments in subsidiaries and goodwill***

The recoverable amount of goodwill and investments in subsidiaries is based on value in use which requires estimates in respect of the allocation of goodwill to cash generating units within each subsidiary undertaking, and associated forecast income and expenditure. Management prepare regular forecasts and utilise these to determine the presence of impairment factors which would impact the carrying value of goodwill or investments in subsidiaries. During the year, the group suffered an impairment loss of £1.4m in relation to goodwill and the company incurred an impairment loss relating to investment in subsidiaries of £4.3m.

# Armature Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 4. Turnover

Turnover arises from:

	2020	2019
	£	£
Property development, investment and management	11,355,590	11,578,439
Jet investment and charter service	12,768,951	9,335,232
Provision of hotel accommodation, venue hire and food and drink	4,261,928	3,192,454
Rental income	1,098,438	873,874
Advertising, publishing and PR services	658,353	171,433
Pawnbrokers	553,213	118,382
	<u>30,696,473</u>	<u>25,269,814</u>

The group's turnover is generated solely from its activities in the United Kingdom.

#### 5. Other operating income

	2020	2019
	£	£
Rental income	1,235,634	1,462,632
Other operating income	86,959	164,932
	<u>1,322,593</u>	<u>1,627,564</u>

#### 6. Operating profit

Operating profit or loss is stated after charging/(crediting):

	2020	2019
	£	£
Amortisation of intangible assets	2,879,421	3,029,676
Release of negative goodwill to income	(3,247)	(1,937)
Depreciation of tangible assets	1,910,009	1,354,559
Loss on disposal of tangible assets	-	1,833
Fair value adjustments to investment property	3,091,049	4,785,577
Cost of stocks recognised as an expense	8,231,851	8,374,510
Impairment of debtors	6,315,747	(1,096,969)
Operating lease rentals	72,151	79,062
Foreign exchange differences	760,961	833,623
Impairment of goodwill	1,410,818	4,055,286
Impairment of investment	<u>9,000,000</u>	<u>-</u>

Impairments and reversals of impairments of stocks are included in cost of sales. Impairments of fixed assets and intangible assets and impairment of goodwill are included in administrative expenses. Amortisation of intangible assets is included in administrative expenses.

# Armatire Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	22,500
Fees payable to the company's auditor for the audit of the company's subsidiaries	19,000	220,250
Fees payable for the audit of the accounts of subsidiaries	222,750	
Total audit fees	256,750	242,750
Taxation compliance services	-	46,500
Other services	-	22,500
Total non-audit fees	-	69,000

No services were provided to contingent fee arrangements.

#### 8. Staff costs

The average number of persons employed by the group during the year, including the director, amounted to:

	2020 No.	2019 No.
Management and charter staff	52	49
Catering and hospitality staff	125	97
Number of retail and hospitality staff	14	21
	191	167

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020 £	2019 £
Wages and salaries	5,303,323	5,062,848
Social security costs	444,581	379,451
Other pension costs	108,751	59,193
	5,856,655	5,501,492

The average number of persons employed by the company during the year, including the director amounted to nil (2019: nil). The aggregate payroll costs incurred during the period was £nil (2019: £nil).

During the period the director received no remuneration in respect of qualifying services (2019: none).

**Armature Limited****Notes to the Financial Statements** *(continued)***Year ended 31 March 2020****9. Other interest receivable and similar income**

	<b>2020</b>	2019
	<b>£</b>	£
Interest on loans and receivables	<b>13,130</b>	87,137
Interest on bank deposits	<b>2,510,437</b>	256,142
Total interest income for financial assets at amortised cost	<b><u>2,523,567</u></b>	<u>343,279</u>

**10. Interest payable and similar expenses**

	<b>2020</b>	2019
	<b>£</b>	£
Interest on banks loans and overdrafts	<b>3,253,726</b>	3,446,657
Other interest payable and similar charges	<b>7,325,029</b>	3,588,130
Share of associates' interest payable and similar expenses	<b>420,662</b>	329,110
Total interest expense for financial liabilities at amortised cost	<b><u>10,999,417</u></b>	<u>7,363,897</u>

# Armatire Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 11. Tax on (loss)/profit

##### Major components of tax income

	2020 £	2019 £
<b>Current tax:</b>		
UK current tax income	80,513	38,225
Foreign tax on profits	51,235	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	280,115	(865,214)
Adjustments in respect of prior periods	9,874	(466,916)
Changes in tax rates	(7,272)	-
<b>Tax on loss</b>	<b>414,465</b>	<b>(1,293,875)</b>

During the year, the UK main rate of corporation tax was 19%.

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. In March 2020, the Chancellor announced that the tax rate would remain at 19%. In March 2021, the Chancellor announced that the corporate tax rate would increase from 19% to 25% from 1 April 2023, however as this was not substantively enacted at the reporting date, this rate has not been used to measure deferred tax.

Deferred tax assets not recognised relate to trading losses brought forward in currently loss making subsidiary entities. These losses total £23,375,499 (2019: £12,278,468).

##### Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%)

	2020 £	2019 £
(Loss)/profit on ordinary activities before taxation	(23,729,735)	(15,603,972)
(Loss)/profit on ordinary activities by rate of tax	(4,508,648)	(2,973,972)
Adjustment to tax charge in respect of prior periods	(13,734)	(466,916)
Effect of gains not taxable	(28,785)	-
Effect of expenses not deductible for tax purposes	4,696,425	1,625,266
Effect of different UK tax rates on some earnings	223,898	78,120
Chargeable gains	70,855	(231,201)
Fixed asset differences	87,790	38,347
Group relief claimed	1,099,482	(56,189)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(60,106)	488,399
Deferred tax not recognised	(313,201)	103,738
Utilisation of tax losses not previously recognised	(839,511)	-
Associates results reported net of tax	-	100,533
<b>Tax on loss</b>	<b>414,465</b>	<b>(1,293,875)</b>

# Armature Limited

## Notes to the Financial Statements (continued)

### Year ended 31 March 2020

#### 12. Intangible assets

Group	Goodwill £	Negative goodwill £	Website £	Total £
<b>Cost</b>				
At 1 April 2019	18,550,235	(16,217)	55,007	18,589,025
<b>At 31 March 2020</b>	<u>18,550,235</u>	<u>(16,217)</u>	<u>55,007</u>	<u>18,589,025</u>
<b>Amortisation</b>				
At 1 April 2019	10,982,393	(3,058)	7,951	10,987,286
Charge for the year	2,853,482	(3,247)	25,939	2,876,174
Impairment loss	1,410,818	-	-	1,410,818
<b>At 31 March 2020</b>	<u>15,246,693</u>	<u>(6,305)</u>	<u>33,890</u>	<u>15,274,278</u>
<b>Carrying amount</b>				
<b>At 31 March 2020</b>	<u>3,303,542</u>	<u>(9,912)</u>	<u>21,117</u>	<u>3,314,747</u>
At 31 March 2019	<u>7,567,842</u>	<u>(13,159)</u>	<u>47,056</u>	<u>7,601,739</u>

The company has no intangible assets.

#### 13. Freehold investment properties

Group	Freehold investment properties £
<b>Cost or valuation</b>	
At 1 April 2019	93,416,750
Additions	2,463,297
Transfer from stock (note 16)	42,080,187
Disposals	(4,803,651)
Revaluations	3,713,949
<b>At 31 March 2020</b>	<u>136,870,532</u>
<b>Carrying amount</b>	
<b>At 31 March 2020</b>	<u>136,870,532</u>
At 31 March 2019	<u>93,416,750</u>

The company has no freehold investment properties.

During the year the group undertook improvement work across various investment properties within the UK. The cost of additions was £2,463,297 (2019: £8,445,241). Additionally, stock held for development amounting to £42,080,187 (2019: £nil) was transferred from stock to investment properties (note 16).

During the year, valuations of certain of the investment properties were carried out on 29 February 2020 and 4 March 2020 by Broadlands Commercial Property Agents Limited and Dexters Chartered Surveyors respectively. The remaining investment properties held by the company as at 31 March 2020 are included at the directors' estimate of fair value at that date.

The historical cost of the freehold investment properties is £93,699,160 (2019: £61,913,849).



# Armature Limited

## Notes to the Financial Statements (continued)

### Year ended 31 March 2020

#### 14. Tangible assets

Group	Freehold land and buildings £	F & F, P & M and Hotel equipment £	Long leasehold property £	Leasehold improv's £	Office, IT equipment and motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 Apr 2019	10,228,720	21,817,401	3,962,583	715,793	50,551	<b>36,775,048</b>
Additions	-	619,095	-	1,379,789	47,630	<b>2,046,514</b>
Business combinations	-	-	-	-	-	-
Disposals	-	(3,924)	-	-	-	<b>(3,924)</b>
<b>At 31 Mar 2020</b>	<b>10,228,720</b>	<b>22,432,572</b>	<b>3,962,583</b>	<b>2,095,580</b>	<b>98,181</b>	<b>38,817,637</b>
<b>Depreciation</b>						
At 1 Apr 2019	612,876	2,755,437	138,230	316,669	40,406	<b>3,863,618</b>
Charge for the year	205,902	1,339,633	46,076	308,053	10,345	<b>1,910,009</b>
Disposals	-	(600)	-	-	-	<b>(600)</b>
<b>At 31 Mar 2020</b>	<b>818,778</b>	<b>4,094,470</b>	<b>184,306</b>	<b>624,722</b>	<b>50,751</b>	<b>5,773,027</b>
<b>Carrying amount</b>						
<b>At 31 Mar 2020</b>	<b>9,409,942</b>	<b>18,338,102</b>	<b>3,778,278</b>	<b>1,470,858</b>	<b>47,430</b>	<b>33,044,610</b>
At 31 Mar 2019	9,615,844	19,061,964	3,824,353	399,124	10,145	<b>32,911,429</b>

The company has no tangible assets.

The freehold land and buildings were formally valued by Copping Joyce Chartered Surveyors LLP using the investment method of valuation in November 2015. The director considers the value of the freehold land and buildings to be correct as at 31 March 2020.

The historical cost of the freehold land and building is £3,249,220 (2019: £3,249,220).

# Armature Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 15. Investments

Group	Interests in associates £	Other investments £	Preference share capital £	Total £
<b>Share of net assets/cost</b>				
At 1 April 2019	-	76	9,000,000	<b>9,000,076</b>
Additions	-	-	-	-
Share of profit or loss	635,908	-	-	<b>635,908</b>
<b>At 31 March 2020</b>	<b>635,908</b>	<b>76</b>	<b>9,000,000</b>	<b>9,635,984</b>
<b>Impairment</b>				
At 1 April 2019	-	-	-	-
Impairment	-	-	9,000,000	<b>9,000,000</b>
<b>31 March 2020</b>		-	<b>9,000,000</b>	<b>9,000,000</b>
<b>Carrying amount</b>				
<b>At 31 March 2020</b>	<b>635,908</b>	<b>76</b>	<b>-</b>	<b>635,984</b>
At 31 March 2019	-	76	9,000,000	<b>9,000,076</b>

The group holds a 30% interest in RQ Capital Limited (303 ordinary shares of 10p each), an entity registered in the UK that provides property development and bridging loans.

The group holds 35,747 ordinary C shares of 0.1p each in Rothbury Road Limited (acquired for consideration of £36). Rothbury Road Limited is an entity registered in the UK that provides property development services.

At the year end the subsidiary company held preference share capital in Markerstudy Holdings Limited of £9,000,000 (2019: £9,000,000). This was acquired post year end for a nominal amount and therefore an impairment of £9,000,000 has been charged to the profit and loss account in respect of this resulting in a carrying value at the year end of £nil.

The group acquired 40,000 Ordinary C shares of 0.1p each in 32/34 Eagle Wharf Road Limited for consideration of £40 during the year. 32/34 Eagle Wharf Road Limited is an entity registered in the UK that provides property development services.

# Armatire Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 15. Investments *(continued)*

Company	Shares in group undertakings £	Total £
<b>Cost</b>		
At 1 April 2019	48,700,771	<b>48,700,771</b>
Additions	106,961	<b>106,961</b>
<b>31 March 2020</b>	<b>48,807,732</b>	<b>48,807,732</b>
<b>Impairment</b>		
At 1 April 2019	1,946,624	<b>1,946,624</b>
Impairment loss	4,307,193	<b>4,307,193</b>
<b>31 March 2020</b>	<b>6,253,817</b>	<b>6,253,817</b>
<b>Carrying amount</b>		
<b>At 31 March 2020</b>	<b>42,553,915</b>	<b>42,553,915</b>
At 31 March 2019	<b>46,754,147</b>	<b>46,754,147</b>

#### Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Cadogan Holdings Limited – Holding company	24,233,010 ordinary shares of £1 each	97
SQIB Limited - Group investment and holding company	6,253,817 Ordinary A shares of £1 each	75
VS 109 Limited - Property investment and development	1 ordinary share of £1 each	100
VS 203 Limited - Property investment and development	1 ordinary share of £1 each	100
VS 403 Limited - Property investment and development	1 ordinary share of £1	100
VS 602 Limited - Property investment and development	1 ordinary share of £1 each	100
Zenith Lancaster House Limited – Dormant company	1 ordinary share of £1 each	100
Zenith Property Holdings Limited - property holding and investment company	100 ordinary shares of £1 each	100
Zenith Longford Investments Limited - property holding and investment company	100 ordinary shares of £1 each	100
Zenith (International) Investments Limited - property holding and investment company	100 ordinary shares of £1 each	100

## Armature Limited

### Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

#### 15. Investments *(continued)*

##### Companies held indirectly by Armature Limited

	Class of share	Percentage of shares held
Bowl Events & Waterpark Limited - Property investment and development	100 ordinary shares of £1 each	75
Bishops UK Limited - Property investment and development	8,326,150 ordinary shares of £1 each	75
Connect Centre Limited - Property investment and development	1 ordinary share of £1 each	75
Goswell Properties Limited - Property investment and development	2 ordinary shares of £1 each	75
Integra Property Management Limited - Property management	1,200 ordinary shares of £1 each	75
Jeensbannet Investments Limited – Property investment and development	300 ordinary shares of £1 each	73
Jet Aircraft Limited - Jet aircraft investment	1 ordinary share of £1 each	75
Salomons UK Limited - Provision of hotel accommodation, venue hire and food and beverage	1,000 ordinary shares of £1 each	75
55 VS No 1 Limited - Property investment and development	1 ordinary share of £1 each	75
Zenith Aircraft Limited - Jet aircraft investment	4 ordinary shares of £1 each	75
Zenith Aviation Limited - Bespoke charter aircraft service	1 ordinary share of £1 each	75
55 VS No 2 Limited - Property investment and development	1 ordinary share of £1 each	75
55 VS HL N1 Limited - Dormant company	1 ordinary share of £1 each	75
55 VS HL N2 Limited - Dormant company	1 ordinary share of £1 each	75
55 VS UL N1 Limited - Dormant company	1 ordinary share of £1 each	75
55 VS UL N2 Limited - Dormant company	1 ordinary share of £1 each	75
E.J.Markham & Son Limited - Pawnbrokers	6,627 ordinary shares of £1 each	75
One Media and Creative UK Limited – Provision of advertising, publishing and PR services	10,000 ordinary shares of £0.01 each	75
<b>Associate undertakings</b>		
RQ Capital Limited	303 shares of 10p each	30
Bawdeswell Hall, Bawdeswell, Dereham, NR204SA		

##### Other investments

	40,000 Ordinary C shares of 0.1p	£40
32/34 Eagle Wharf Road Limited		

## Armature Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2020

#### 15. Investments *(continued)*

The group holds 20% of the nominal value of ordinary shares issued by 32/34 Eagle Wharf Road Limited. 32/34 Eagle Wharf Road Limited is not accounted for as an associated undertaking because the group is not in a position to exercise significant influence. At 31 August 2020 the capital and reserves of 32/34 Eagle Wharf Road Limited was £5,948,804 (2019: deficit of £1,623,807) and its profit for the year then ended was £7,572,611 (2019: £348,557 loss). The registered office of 32/34 Eagle Wharf Road Limited is 1<sup>st</sup> Floor, Kirkdale House, 7 Kirkdale Road, Leytonstone, London, E11 1HP.

All subsidiary companies and those held indirectly have the registered address of 45 Westerham Road, Sevenoaks, Kent TN13 2QB except for Cadogan Holdings Limited, Zenith Property Holdings Limited, Zenith Longford Investments Limited and Zenith (International) Investments Limited. Cadogan Holdings Limited is a company registered in Gibraltar and its registered address is Montagu Pavilion, 8-10 Queensway, Gibraltar. Zenith Property Holdings Limited, Zenith Longford Investments Limited and Zenith (International) Investments Limited are companies registered in Gibraltar and their registered office is 57/63 Line Wall Road, Gibraltar.

On 12 March 2020, the company disposed of its 100% shareholdings in VS 106 Limited and VS 506 Limited (1 ordinary share of £1 each in each company) for consideration of £2 which gave rise to a profit on disposal for the group of £472,405.

#### 16. Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials	40,334	37,102	-	-
Finished goods and goods for resale	658,893	582,893	-	-
Food and drink	25,024	23,079	-	-
Development properties	5,746	46,838,478	-	-
	<u>729,997</u>	<u>47,481,552</u>	<u>-</u>	<u>-</u>

Included within the stock at the year end is an amount of £nil (2019: £5,619,190) relating to capitalised interest cost within the stock held for development held by 55 VS No 2 Limited.

During the year, stock held for development amounting to £42,080,187 (2019: £nil) was transferred to investment properties (note 13). An uplift in value of £4,269,813 was recorded prior to the transfer to investment property.

**Armature Limited****Notes to the Financial Statements (continued)****Year ended 31 March 2020****17. Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	2,909,608	2,470,404	-	-
Amounts owed by group undertakings	-	-	10,710,594	7,435,049
Deferred tax asset	82,199	581,437	-	-
Prepayments and accrued income	539,827	1,941,318	-	-
Other debtors	61,050,574	54,566,621	2,433,629	2,283,418
Corporation tax recoverable	7,600	116,609	-	-
	<u>64,589,808</u>	<u>59,676,389</u>	<u>13,144,223</u>	<u>9,718,467</u>
Amounts falling due after more than one year:				
Corporation tax recoverable	361,574	328,518	-	-
Other debtors	25,932,539	31,203,025	7,950,926	7,950,926
	<u>90,883,921</u>	<u>91,207,932</u>	<u>21,095,149</u>	<u>17,669,393</u>

**18. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	1,885,064	3,302,515	-	-
Trade creditors	2,087,924	1,759,037	-	-
Amounts owed to group undertakings	-	-	1,715,365	1,641,479
Accruals and deferred income	1,115,456	10,636,683	-	90,525
Corporation tax	34,626	10,121	67,254	-
Social security and other taxes	442,057	141,781	-	-
Director loan accounts	32,137,402	46,468,159	31,896,326	40,573,880
Other creditors	93,291,475	75,784,022	16,356,542	3,239,333
	<u>130,994,004</u>	<u>138,102,318</u>	<u>50,035,487</u>	<u>45,545,217</u>

## Armatire Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2020

##### 18. Creditors: amounts falling due within one year *(continued)*

Included within other creditors are loans of £5,950,000 (2019: £5,950,000) which were due for repayment on 30 November 2013 but have not been recalled at the date of approval of these financial statements.

One of the bank loans held by Connect Centre Limited is committed to repay the aggregate of LIBOR plus 2.5%, per quarter. The amount due within a year is £200,000 (2019: £200,000) and the balance of £1,975,000 (2019: £2,175,000) falls due after more than one year. There is a registered charge over the property and bank accounts held by Connect Centre Limited in favour of Santander Bank plc.

A facility has been granted to SQIB Limited, which the directors understand will act as an "umbrella" financing arrangement across the group, with Bishops UK Limited, Salomons UK Limited and Zenith Aviation Limited as the intended beneficiaries. The balance included within other creditors in the group balance sheet is £21,750,000 (2019: £21,750,000). Interest is being charged at base rate plus 4.5% and the repayment date of the loan was 4 January 2020. This amount has not been recalled at the date of approval of these financial statements.

Included within other creditors are amounts due in respect of pension contributions, totalling £23,036 (2019: £12,025).

##### 19. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	143,899,695	148,461,146	22,520,000	22,120,000
Director loan accounts	701	200	-	-
Amounts owed to associate undertakings	1,136,963	1,136,963	-	-
Other creditors	31,754,650	12,613,211	-	-
	<u>176,792,009</u>	<u>162,211,520</u>	<u>22,520,000</u>	<u>22,120,000</u>

During the year, the Company refinanced its existing bank loan with Credit Suisse resulting in a total loan of £16,000,000. As part of this agreement Credit Suisse hold a charge over the investment property within Jeensbannet Investments Limited. Interest on this loan is charged at LIBOR plus 1.5% and is due to be repaid in September 2024.

A bank loan that was obtained during the year ended 31 March 2015 for £1,500,000 relates to a mortgage held with Handelsbanken. As part of this agreement Handelsbanken hold a charge over the investment property within Goswell Properties Limited. Interest on this loan is charged at LIBOR plus 3%.

## Armature Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 March 2020

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##### 19. Creditors: amounts falling due after more than one year *(continued)*

Included in bank loans and overdrafts due as at 31 March 2020 was an amount due after more than one year of £1,007,501 (2019: £1,007,501) held by Metro Bank. As part of this agreement Metro Bank hold a registered charge over the investment property and bank accounts held by VS 109 Limited. Interest on this loan is charged at base rate plus 2.75%.

Included in bank loans and overdrafts due as at 31 March 2020 was an amount due after more than one year of £1,592,500 (2019: £1,592,500) held by Metro Bank. As part of this agreement Metro Bank hold a registered charge over the investment property and bank accounts held by VS 203 Limited. Interest on this loan is charged at base rate plus 2.75%.

Included in bank loans and overdrafts due as at 31 March 2020 was an amount due after more than one year of £1,722,500 (2019: £1,722,500) held by Metro Bank. As part of this agreement Metro Bank hold a registered charge over the investment property and bank accounts held by VS 403 Limited. Interest on this loan is charged at base rate plus 2.75%.

Included in bank loans and overdrafts due as at 31 March 2020 was an amount due after more than one year of £2,762,500 (2019: £2,762,500) held by Metro Bank. As part of this agreement Metro Bank holds a registered charge over the investment property and bank accounts held by VS 602 Limited. Interest on this loan is charged at base rate plus 2.75%.

Included in bank loans and overdrafts due as at 31 March 2020 was an amount due after more than one year of £4,742,052 (2019: £5,065,675) held with Paragon Business Finance Plc. There are registered charges over the plant and machinery. As part of the term for this loan, K R Spencer has provided a personal guarantee.

The loan facility that was acquired from Natwest Bank Plc on 22 June 2018 has been further drawn down during the year end amounting to £4,053,668 at 31 March 2020 (2019: £1,670,123). Interest is being charged at base rate plus 3%. This was due for repayment in August 2021 and was refinanced with HTB post year end.

On 25 May 2018 a loan facility was acquired from Investec Bank Plc for £8,871,000. As a result a registered charge exists over the following properties: Unit 16 Waterfall Industrial Estate Cradley Heath, Markerstudy House Chelmsford, Lancaster House St. Ives, Causeway House Chiddingstone, Markerstudy House Bessels Green, Unit 2 Chapman Way Tunbridge Wells, Oriel Cottage Tunbridge Wells and Treetops Tunbridge Wells. Interest is being charged at base rate plus 2.75% with a repayment date of 25 May 2023.

Included within bank loans is a loan falling due after more than one year held by 55VS NO 2 Limited of £25,961,633 (2019: £31,000,000). During 2018, 55VS No 2 Limited entered into a new financing arrangement with Deutsche Bank Plc which resulted in no short term repayment being due. The entire remaining bank loan balance due of £25,961,633 was repayable on 25 October 2021 and has subsequently been refinanced. The interest rate to be charged on this loan is LIBOR plus 2.5% per annum. The bank loan is secured by way of a fixed and floating charge over all of the assets of 55VS No 2 Limited including a legal charge over the title of the development property.



# Armature Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

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#### 19. Creditors: amounts falling due after more than one year *(continued)*

Included within bank loans is a loan falling due after more than one year held by SQIB Limited of £73,069,152 (2019: £70,153,750) that is due to be repaid in full on 29 March 2024. Interest is charged at 8% per annum and is payable on 29 September 2020 and then every 3 months from that date. The bank loan is secured by fixed and floating charges over the assets of the company and the group and is subject to loan covenants which were breached subsequent to the year end.

Included in bank loans and overdrafts due as at 31 March 2020 was an amount due after more than one year of £7,046,857 (2019: £7,748,222) held with Lombard North Central Plc. Zenith Aircraft Limited is committed to repay the bank loan in quarterly repayments. Interest is charged at 2% per annum on the outstanding loan value. There is a registered charge over the plant and machinery held by Zenith Aircraft Limited in favour of Lombard North Central Plc.

#### 20. Provisions

Group	Deferred tax (note 21) £
At 1 April 2019	4,610,231
Credit to profit or loss	(187,703)
<b>At 31 March 2020</b>	<b><u>4,422,528</u></b>

The company does not have any provisions.

# Armature Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

### 21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Included in debtors (note 17)	<b>82,199</b>	581,437	-	-
Included in provisions (note 20)	<b>(4,422,528)</b>	(4,610,231)	-	-
	<b><u>4,340,329</u></b>	<b><u>(4,028,794)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

The major deferred tax liabilities and assets recognised are:

Deferred tax liabilities:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>106,279</b>	85,302
Other timing differences	<b>1,808</b>	1,839
Valuation of investment properties	<b>3,193,271</b>	3,401,920
Valuation of freehold land & buildings	<b>1,121,170</b>	1,121,170
	<b><u>4,422,528</u></b>	<b><u>4,610,231</u></b>

Deferred tax assets:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Financial instruments measured at fair value	-	-
Decelerated capital allowances	<b>82,199</b>	316,168
Other timing differences	-	265,269
	<b><u>82,199</u></b>	<b><u>581,437</u></b>

### 22. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £108,751 (2019: £59,193).

# Armature Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 23. Financial instruments

The carrying amount of the Group's financial instruments at 31 March were:

	2020 £	2019 £
Financial assets:		
Debt instruments measured at amortised cost	44,139,208	51,178,932
Instruments measured at fair value through profit or loss	-	9,000,000
Equity investments measured at cost less impairment	76	76
	<u>44,139,284</u>	<u>60,179,008</u>
Financial liabilities:		
Measured at amortised cost	<u>287,771,464</u>	<u>273,545,508</u>

#### 24. Called up share capital

##### Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>9,354</u>	<u>9,354</u>	<u>9,354</u>	<u>9,354</u>

The ordinary shares do not have the right to fixed income, each share carries the right to one vote at general meetings of the company.

#### 25. Reserves

Investment properties revaluation reserve - This reserve records fair value movements on assets recognised in the profit and loss.

Profit and loss account - This reserve records retained earnings and accumulated losses.

#### 26. Operating leases

##### As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	2,856,909	2,310,136	-	-
Later than 1 year and not later than 5 years	7,023,578	6,933,875	-	-
Later than 5 years	1,363,278	1,385,000	-	-
	<u>11,243,765</u>	<u>10,629,011</u>	<u>-</u>	<u>-</u>

# Armature Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 26. Operating leases (continued)

##### As lessee

The total future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	297,000	180,333	–	–
Later than 1 year and not later than 5 years	1,071,334	1,274,667	–	–
Later than 5 years	1,073,000	1,160,000	–	–
	<u>2,441,334</u>	<u>2,615,000</u>	<u>–</u>	<u>–</u>

#### 27. Other financial commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2020	2019
	£	£
Tangible assets	<u>31,514</u>	<u>1,995,098</u>

#### 28. Events after the end of the reporting period

Subsequent to the year end, SQIB Limited refinanced its bank loan amounting to £73,069,152 despite being in breach of the loan covenants during the year.

Post year end, VS109 Limited, VS203 Limited and VS403 Limited refinanced their existing loans with Metro Bank Plc, which were due for repayment in June 2021, with a different provider.

Post year end, VS602 Limited refinanced its existing loan with Metro Bank Plc, which was due for repayment in June 2021, with Metro Bank Plc.

# Armatire Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 29. Related party transactions

##### Group

Key management personnel received no remuneration in the current or previous period.

##### Key management personnel

	2020	2019
	£	£
Rent management fee income	275	824
Other fee income	93,803	110,758
Interest payment on behalf of the company	(468,955)	(265,409)

##### Other related parties

	2020	2019
	£	£
Rent invoiced	718,885	700,000
Rent management fee income	44,969	29,826
Other fee income	(1,000)	235,745
Expenditure recharged	3,214,946	656,023
Expenditure incurred	503,250	171,061
Provision of consultancy services	14,225	14,225
Accommodation, room and venue hire	172,644	83,646
Recharge of staff costs and meeting rooms	343,108	123,256
Recharge of hotel expenses	280,383	39,034
Income from charter flight services	400,278	290,287
Service and facilities charge	2,794,771	2,409,925
Income from advertising	74,183	47,626
Other operating income	-	9,790
Accrued interest	1,936,593	-

Rent management fee income is received from the landlords of properties managed by the group. Other fee income represents fees charged for services provided to the tenants of properties managed on behalf of the landlords.

	2020	2019
	£	£
Recharged staff and related costs	(467,746)	(9,020)
Recharged telephone and printing costs	(68,307)	(72,316)
Recharge of credit cards for hotel / bowl water expenses	(68,479)	(1,973)
Recharged computer expenses	(3,680)	
Purchase of advertising and marketing services	(72,973)	(13,059)
Staff costs and meeting rooms recharged	(23,395)	(13,953)
Purchase of office equipment	(184)	(1,315)
Purchase of insurance cover	(214,023)	(78,618)
Purchase of gifts	(187)	(1,290)
Purchase of uniforms and decorations	(278,697)	(399)
Insurance costs	(223,749)	(395,081)
Purchase of IT/Telecommunications	(151,604)	(176,139)
Consultancy fees	(128,716)	(197,520)
Provision of staff and associated costs	(2,178)	(219,159)
Interest expense	-	(2,219,073)
Purchase of hotel equipment	(13,539)	(3,977)

# Armatire Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 29. Related party transactions *(continued)*

The following amounts were outstanding at the reporting end date:

##### Amounts owed by related parties

	2020 £	2019 £
Key management personnel	250,927	252,655
Other related parties	46,930,868	32,049,070

##### Amounts owed to related parties

	2020 £	2019 £
Key management personnel	32,137,402	46,468,159
Other related parties	89,560,156	67,739,693

Other related parties comprise companies in the group headed by Markerstudy Holdings Limited and are related by virtue of common control.

Included within bank loans are amounts of £46,520,607 (2019: £38,085,001). Under the terms of these bank loans, K R Spencer is a guarantor which is capped at the limit of the loan.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. A bad debt expense of £6,303,288 (2019: credit of £1,096,969) has been recognised in the year in respect of bad debts from related parties.

#### Company

Transactions between the company and its related parties are disclosed below:

##### Amounts owed to related parties

	2020 £	2019 £
Key management personnel	31,896,326	40,573,880
Other related parties	16,356,538	3,239,325
Entities over which the company has control	982,990	982,990

##### Amounts owed by related parties

	2020 £	2019 £
Key management personnel	201,608	201,608
Other related parties	218,265	150,000
Entities over which the company has control	7,305,998	3,291,058

A bad debt expense of £746,115 (2019: £nil) has been recognised in the year in respect of bad debts from group companies.

# Armature Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 March 2020

#### 30. Controlling party

Armature Limited is controlled by K R Spencer and A Spencer by virtue of their 50%/50% ownership of Armature Limited.

#### 31. Cash generated from operations

	2020 £	2019 £
Loss for the period	(24,144,200)	(14,310,097)
Adjustments for		
Income tax expense/(income)	414,465	(1,293,875)
Finance costs	10,999,417	7,363,897
Investment income	(2,523,567)	(343,279)
Loss on disposal of tangible assets	-	1,834
Fair value gains on investments and investment properties	(3,713,949)	4,785,577
Amortisation and impairment of intangible asset	4,286,992	7,096,409
Depreciation and impairment of tangible asset	1,910,009	1,534,559
Share of results of associates and joint ventures	(635,908)	(118,190)
Amounts written off preference shares	9,000,000	-
	(4,406,743)	4,716,835
Movements in working capital		
Decrease in stock	4,671,368	7,146,878
(Increase) in debtors	(1,772,474)	(43,640,013)
Increase/(decrease) in creditors	16,509,315	(39,531,460)
Cash generated/(absorbed by) from operations	<u>15,001,467</u>	<u>(71,307,761)</u>