

Registered number: 10208262

GFS CORPORATE DIRECTOR II LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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GFS CORPORATE DIRECTOR II LIMITED

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GFS CORPORATE DIRECTOR II LIMITED

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COMPANY INFORMATION

Director	M W Bailey (appointed 1 July 2021)
Company secretary	J A Edwards
Registered number	10208262
Registered office	Gallium House Unit 2 Station Court Sevenoaks Kent TN15 8AD
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

GFS CORPORATE DIRECTOR II LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Introduction

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

Business review

GFS Corporate Director II Limited (the 'Investee') is party to the Northern Ireland Investment Fund's (the 'Fund') Operational Agreement and will act as the Investee to the Fund. The Investee will facilitate in investing £100,000,000 of HM Treasury's funds into the Funds' projects'. The Fund has been set up with two objectives, the first being to address market failures in Northern Ireland and accelerate and increase investment in private sector led development, infrastructure and low carbon projects. The second to secure private and / or public sector leverage to achieve sustainable financial returns to maximize the impact of public sector intervention and deliver economic growth.

The Fund is a 15 year agreement running until 13 November 2032. At 30 June 2021 HM Treasury had provided £100,000,000 (2020: £70,000,000) to the investee.

The results for the year are shown on pages 12-13. During the reporting year the Investee recognised a profit of £Nil (2020: £Nil). As 30 June 2021 the Investee had current assets of £93,941,825 (2020: £60,478,878), total assets of £103,945,038 (2020: £72,874,734) and net current assets of £93,808,710 (2020: £60,427,389).

As at 30 June 2021 the Investee had committed to 5 projects. The Fund benefits from a first charge over all projects and a full valuation was obtained from 3rd party RICS-registered valuers at the point of underwriting. The first charge theoretically means that the value of the project would need to drop (100%-[LTV%]) before the fund was to suffer a loss of capital.

More than half of the Funds loan (and sometimes all of the Funds loan) is the last element of funding into a project, thus protecting the Loan to Value further as investment of most of the funds are made at the point that construction is well progressed. The projects will always be fully funded before investments are made, and should this change during the development due to increased costs, the Borrower is required to make up any shortfall before further investment.

The McCausland project made available a total loan commitment (capital only) of £7,800,000. These funds are to be used to enable the demolition of the existing buildings on the Property, the clearance of the Property site and the construction on the Property of a circa 17,800 sq. ft. multi-storey car park with 575 spaces and around 7,000 sq. ft. of office. Drawdowns paid to the developer totalled £7,688,482 (2020: £5,651,146). The red-book valuation of 52% Loan (excluding interest) to Value pre-stabilisation of the business and 45% Loan (excluding interest) to Value post stabilisation gives comfort on the ability to recover the loan.

The Lisburn project made available a total loan commitment (capital and vat) of £5,685,000 to construct a circa 27,500 sq. ft. boutique hotel and to develop units 3, 4, 6 and 7 of the existing property for use as co-working office space. Drawdowns for capital and vat paid to the developer totalled £4,790,000 (2020: £3,696,356). The Fund has a first charge over the site, including some smaller units that are let and income producing. The Hotel is pre-let to Beanchorr, an established operator of Boutique Hotels in NI. Loan (net of interest) to value of this scheme was estimated at 57% with the benefit of the hotel lease but prior to established trading, or 48% with the benefit of established trading figures at underwriting, giving comfort on the recoverability of the loan.

The Kingshall project makes available a total commitment (capital only) of £8,800,000 for the demolition, asbestos removal and site clearance at the property, the construction of the Plot 2 Offices and the construction at the Property of all associated infrastructure works for the use of the Property as a mixed-use development, in each case as described in the Specifications and Project Monitor reports. Drawdowns paid to the developer totalled £7,526,962 (2020: £2,069,409). The loan (excl interest) to Value here is 60%, although there is a pre-sold office that is a legally binding conditional sale. Once the office is sold, the Loan (excl interest) to value was considered to be 42%. Note that Fund has a charge over a development agreement that has an enforcement route to grant a virtual freehold (199 leasehold) to the Borrower / Fund.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Business review (continued)

The Merchant Square project makes available a total commitment (capital only) of £20,000,000 for the development of the property to include extensions to the 7th floor and 2 additional floors above, a 9-storey lift core extension, creation of a roof terrace, alterations to the existing elevations and reconfiguration of the ground floor, more particularly, as described in the Specifications. Drawdowns paid to the developer totalled £19,961,373 (2020: £19,961,373). At the point of underwriting, the Loan (excl interest) to value was only 30%. During 2019 an Agreement for Lease was granted to PwC for the entire building, which improved the value (thereby reducing the LTV) significantly. The PwC lease completed just after Practical Completion and enable a refinance by a third-party bank, repaying the Fund in Q3 2020. This loan was repaid in full on 20th July 2020.

The Paper Exchange project makes available a total loan commitment (capital only) of £20,000,000. These funds are to be used to fund the development of the Property (comprising an eleven storey 155,133 sq ft development comprising of 148,943 sq ft of Grade A office space with 6,190 sq ft of ground floor retail, 1,658 sq ft reception, 15 car parking spaces and 85 bicycle spaces, including all works for the demolition of existing structures, clearance, excavation, construction, shell and frame, roof, main risers and plant room in accordance with the Development Consents and the Specifications. Drawdowns paid to the developer totalled £Nil (2020: £Nil).

The Donegall project makes available a total loan commitment (capital only) of £2,000,000. These funds are to be used to fund the refurbishment and fit out of the Property to comprise minor demolition and structural alterations to the existing five storey building followed by the fitting out of CAT-A office space, including replacement of existing windows and shop fronts and the removal and replacement of part of the existing roof and overlay of the remaining areas of the existing roofs and cleaning of the existing facade as summarised in the Building Contract and as described in the Specifications. Drawdowns paid to the developer totalled £1,087,447 (2020: £Nil).

Financial key performance indicators

Operating profit margin Nil% (2020: Nil%)
Net fee and commission income £1,588,965 (2020: £1,712,087)
Return on capital employed £Nil (2020: £Nil)

Principal risks and uncertainties

The Company is exposed to liquidity risk, credit risk and interest rate risk. However, there are no external borrowings of the company, and therefore the liquidity and interest rate risks are not considered significant by management.

The Company's principal financial assets are cash and trade receivables. Therefore, the Company's credit risk is primarily attributable to its trade receivables. The Company's approach to managing the credit risk is to monitor these trade receivables and make an allowance for impairment when there is objective evidence that the Company will not be able to collect all amounts according to the general terms of the receivables concerned.

The directors have identified that the issues arising from the activities of the appointed representatives have increased the operational risk. This has the potential to increase costs of professional advisers in the short term.

Pillar 3 disclosure will be made available upon request to GFS Corporate Director II Limited.

GFS CORPORATE DIRECTOR II LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

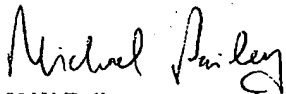
Other key performance indicators

The key non-financial performance indicators used to determine the progress and performance of the company are set out below;

- Client service

Performance indicators are reviewed by the management team in order to assess the progress of the company and we are pleased with the overall performance presented in this report.

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



M W Bailey
Director

Date: 28.03.22

GFS CORPORATE DIRECTOR II LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2021

The director presents his report and the financial statements for the year ended 30 June 2021.

Principal activity

The principal activity of the Company is to act as an SPV to invest funding from the Department of Finance into projects in Northern Ireland. The projects are required to address market failures and accelerate and increase investment in private sector led development, infrastructure and low carbon projects to deliver economic growth.

Results and dividends

The profit for the year, after taxation, amounted to £NIL (2020 -£NIL).

No dividends were declared in the current or prior year.

Directors

The directors who served during the year were:

E M Hughes (appointed 10 November 2016, resigned 28 October 2021)

A C Norris (appointed 1 June 2016, resigned 30 June 2021)

Future developments

The Company plan to continue to act as an SPV to invest funding from the Department of Finance into projects in Northern Ireland.

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk.

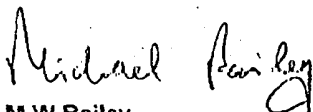
The Company's activities exposes it to a variety of financial risks; market risks, credit risks, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the Company's financial performance.

Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that:

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

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



M W Bailey
Director

Date: 28.03.22

GFS CORPORATE DIRECTOR II LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

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

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 International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

GFS CORPORATE DIRECTOR II LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GFS CORPORATE DIRECTOR II LIMITED

Opinion

We have audited the financial statements of GFS Corporate Director II Limited for the year ended 30 June 2021 which comprise the statement of profit or loss, the statement of financial position, the statement of cash flows and the notes to the financial statements, including significant accounting policies set out on pages 17 - 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its results for the year then ended;
- have been properly prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

GFS CORPORATE DIRECTOR II LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GFS CORPORATE DIRECTOR II LIMITED (CONTINUED)

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 directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report.

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

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

Responsibilities of directors

As explained more fully in the director's responsibilities statement on page 7, 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 determines 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 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 Company or to cease operations, or have no realistic alternative but to do so.

GFS CORPORATE DIRECTOR II LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GFS CORPORATE DIRECTOR II LIMITED (CONTINUED)

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.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the Company's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, and employment legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HM Revenues and Customs.

GFS CORPORATE DIRECTOR II LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GFS CORPORATE DIRECTOR II LIMITED (CONTINUED)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Blick Rothenberg Audit LLP

Heather Powell FCA (senior statutory auditor)

for and on behalf of
Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 28/03/2022

GFS CORPORATE DIRECTOR II LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Revenue	5	1,588,965	1,712,087
Gross profit		1,588,965	1,712,087
Administrative expenses		(1,656,515)	(1,879,009)
Loss from operations		(67,550)	(166,922)
Finance income	8	67,550	166,922
Profit for the year		-	-

The notes on pages 17 to 27 form part of these financial statements.

GFS CORPORATE DIRECTOR II LIMITED
REGISTERED NUMBER: 10208262

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 £	2020 £
Assets			
Non-current assets			
Trade and other receivables	9	10,003,213	12,395,856
Current assets			
Trade and other receivables	9	9,004,342	22,313,523
Cash and cash equivalents	16	84,937,483	38,165,355
		<u>93,941,825</u>	<u>60,478,878</u>
Total assets		<u>103,945,038</u>	<u>72,874,734</u>
Liabilities			
Non-current liabilities			
Trade and other liabilities	10	3,811,922	2,823,253
Loans and borrowings	11	100,000,000	70,000,000
		<u>103,811,922</u>	<u>72,823,253</u>
Current liabilities			
Trade and other liabilities	10	133,115	51,480
Total liabilities		<u>103,945,037</u>	<u>72,874,733</u>
Net assets		<u>1</u>	<u>1</u>
Issued capital and reserves			
Share capital	12	1	1
Total equity		<u>1</u>	<u>1</u>

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

Michael Bailey

M W Bailey
 Director

Date: 28/03/2022

The notes on pages 17 to 27 form part of these financial statements.

GFS CORPORATE DIRECTOR II LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	2020 £
Cash flows from operating activities		
Adjustments for		
Movements in working capital:		
Decrease/(increase) in other receivables	15,701,824	(19,923,954)
Increase in other liabilities	1,070,304	1,509,772
Cash generated from/(used in) operations	16,772,128	(18,414,182)
Net cash from/(used in) operating activities	16,772,128	(18,414,182)
Cash flows from financing activities		
Proceeds from lenders	30,000,000	30,000,000
Net cash from financing activities	30,000,000	30,000,000
Net cash increase in cash and cash equivalents	46,772,128	11,585,818
Cash and cash equivalents at the beginning of year	38,165,355	26,579,537
Cash and cash equivalents at the end of the year	84,937,483	38,165,355

The notes on pages 17 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. Reporting entity

GFS Corporate Director II Limited (the 'Company') is a limited company incorporated in England. The Company's registered office is at Gallium House, Unit 2 Station Court, Sevenoaks, Kent, TN15 8AD. The Company's principal activity is to act as an SPV to invest funding from the Department of Finance into projects in Northern Ireland. The projects are required to address market failures and accelerate and increase investment in private sector led development, infrastructure and low carbon projects to deliver economic growth.

The financial statements are presented in Sterling (£), which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

Details of the Company's accounting policies, including changes during the year, are included in note 3.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

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

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.2 Changes in accounting policies**i) New standards, interpretations and amendments effective from 1 July 2020****Amendments to References to Conceptual Framework in IFRS Standards**

The date of the application of the amendments to references to conceptual framework in IFRS standards is 1 July 2020.

There are no material adjustments required to be made to the Company's financial statements as a result of the amendment.

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Basis of preparation (continued)

2.2 Changes in accounting policies (continued)

i) New standards, interpretations and amendments effective from 1 July 2020 (continued)

IFRS 3 - Definition of business

The date of the application of the amendments to IFRS 3 is 1 July 2020.

There are no material adjustments required to be made to the Company's financial statements as a result of the amendment of IFRS 3.

IAS 1 and 8 - Definition of material

The date of the application of the amendments to IAS 1 and 8 is 1 July 2020.

There are no material adjustments required to be made to the Company's financial statements as a result of the amendment of IAS 1 and 8.

IFRS 9, IAS 39 and IFRS 7

The date of the application of the amendments to IFRS 9, IAS 39 and IFRS 7 is 1 July 2020.

There are no material adjustments required to be made to the Company's financial statements as a result of the amendment of IFRS 9, IAS 39 and IFRS 7.

ii) New standards, interpretations and amendments not yet effective

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

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in relation to Interest Rate Benchmark Reform - Phase 2 is set to come into effect on 1 January 2021.

The Company has chosen not to adopt these amendments in these financial statements.

Annual improvements to IFRS Standards 2018-2020

The annual improvements to IFRS Standards 2018-2020 is set to come into effect on 1 January 2022.

IFRS 3 - References to the Conceptual Framework

The amendments to IFRS 3 in relation to references to the Conceptual Framework is set to come into effect on 1 January 2022.

IAS 1 - Classification of liabilities as current or non-current

The amendments to IAS 1 in relation to the classification of liabilities as current or non-current is set to come into effect on 1 January 2023.

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Basis of preparation (continued)

ii) New standards, interpretations and amendments not yet effective (continued)

IFRS 17

The amendments to IFRS 17 is set to come into effect on 1 January 2023.

IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 are set to come into effect on 1 January 2023.

IAS 8 - Definition of Accounting Estimates

The amendments to IAS 8 in relation to the definition of accounting estimates is set to come into effect on 1 January 2023.

The directors anticipate that the adoption of these Standards in future periods may have an impact on the results and net assets of the Company, however, it is too early to quantify this.

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

3. Accounting policies

3.1 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3.2 Revenue

Revenue represents interest, commitment fees and arrangement fees on loans advanced. Revenue is recognised in line with each loan agreement on an accruals basis in the profit and loss account.

3.3 Interest income

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

3.4 Finance costs

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

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. Accounting policies (continued)

3.6 Financial assets

Financial assets are recognised in the company's statement of financial position when the company 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.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Impairment of financial assets

Financial assets, other than those 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 of the investment have been affected.

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.

3.7 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The company does not have any financial liabilities at fair value through profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, 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.

Trade and other payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. Accounting policies (continued)

3.7 Financial liabilities (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Derecognition of financial liabilities

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

3.8 Share capital

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

4. Accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, 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.

5. Revenue

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

	2021 £	2020 £
Loan interest and fees	1,588,965	1,712,087

Estimates and assumptions

There are no significant estimates or assumptions within revenue.

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	9,300	-
Fees payable to the Company's auditor and its associates in respect of: All non-audit services not included above	<u>3,900</u>	<u>-</u>

7. Employees

The company did not have any employees under contracts of service during the year (2020: Nil).

8. Finance income and expense

Recognised in profit or loss

	2021 £	2020 £
Finance income		
Interest on: - Bank deposits	67,550	166,922
Total interest income arising from financial assets	<u>67,550</u>	<u>166,922</u>
Total finance income	<u>67,550</u>	<u>166,922</u>
Net finance income recognised in profit or loss	<u>67,550</u>	<u>166,922</u>

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9. Trade and other receivables

	2021 £	2020 £
Accrued income	412,300	-
Other receivables	18,595,255	34,709,379
Total trade and other receivables	19,007,555	34,709,379
Less: current portion - accrued income	(412,300)	-
Less: current portion - other receivables	(8,592,042)	(22,313,523)
Total current portion	(9,004,342)	(22,313,523)
Total non-current portion	10,003,213	12,395,856

All amounts within other receivables are wholly repayable within 5 years as at 30 June 2021 (not by monthly instalments) and accrue interest at a rate of 4% plus the EU reference rate. The Company has debentures in place creating fixed and floating security over the assets of the borrowers.

	2021 £	2020 £
Repayments of other receivables fall due as follows:		
Within one year	9,004,342	22,313,522
Between 1-2 years	10,003,213	6,181,993
Between 2-5 years	-	6,213,864
	19,007,555	34,709,379

GFS CORPORATE DIRECTOR II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

10. Trade and other payables

	2021 £	2020 £
Other payables	3,811,922	2,823,253
Accruals	133,115	51,480
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	3,945,037	2,874,733
Less: current portion - accruals	(133,115)	(51,480)
Total current portion	(133,115)	(51,480)
Total non-current position	3,811,922	2,823,253

Other payables due in more than one year are amounts due to the Department of Finance which are repayable in line with the repayments of other receivables within note 9.

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

11. Loans and borrowings

	2021 £	2020 £
Non-current		
Bank loans - secured	100,000,000	70,000,000
Total loans and borrowings	100,000,000	70,000,000

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

Loan Terms

The loan is repayable to the Department of Finance upon the receipt of the capital amounts within other receivables. The loan accrues intermediary fees at a rate of 1.58% per annum along with an annual fee of £100,000 per annum.

Security

a) In order to secure the liabilities owed by GFS Corporate Director II Limited, the Investor, GFS Corporate Director II Limited has to:

i) create a first ranking charge, (expressed as a fixed charge) over the accounts in the form of the Accounts Charge;

ii) create security in favour of the investor in respect of each equity investment and certain other related rights, in the form of the Share Security Agreement;

iii) execute the Assignment agreement and shall, in respect of each project loan agreement entered into between GFS Corporate Director II Limited and a final recipient, serve such notice of such assignment on, and obtain an acknowledgement from, each final recipient and shall deliver to the investor copies of such notice and acknowledgement within 5 business days of the date of each project loan agreement; and

iv) in respect of each project loan and equity investment, grant such additional security as may be deemed necessary by the investor and agreed with GFS Corporate Director II Limited as part of the approval process for the relevant project.

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

12. Share capital

Authorised

	2021 Number	2021 £	2020 Number	2020 £
Shares treated as equity				
Ordinary shares of £1.00 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Issued and fully paid

	2021 Number	2021 £	2020 Number	2020 £
Ordinary shares of £1.00 each				
At 1 July and 30 June	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at the meetings of the Company.

13. Reserves

Share capital

Represents the nominal value of shares that have been issued.

Retained earnings

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to shareholders.

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

14. Financial instruments - fair values and risk management

14.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2021	Note	Amortised cost £	Other financial liabilities £	Carrying amount Total £
Financial assets measured at fair value				
		<u>-</u>	<u>-</u>	<u>-</u>
Financial assets not measured at fair value				
Trade and other receivables	9	19,007,555	-	19,007,555
		<u>19,007,555</u>	<u>-</u>	<u>19,007,555</u>
Financial liabilities measured at fair value				
		<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value				
Secured loans	11	-	100,000,000	100,000,000
Trade and other payables	10	-	3,945,037	3,945,037
		<u>-</u>	<u>103,945,037</u>	<u>103,945,037</u>

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

14.1 Accounting classifications and fair values (continued)

30 June 2020	Note	Amortised cost £	Carrying amount Other financial liabilities £	Total £
Financial assets measured at fair value				
Financial assets not measured at fair value				
Trade and other receivables	9	34,709,379	-	34,709,379
		34,709,379	-	34,709,379
Financial liabilities measured at fair value				
Financial liabilities not measured at fair value				
Secured loans	11	-	70,000,000	70,000,000
Trade and other payables	10	-	2,823,253	2,823,253
		-	72,823,253	72,823,253

14.2 Financial risk management objectives

The Company's activities exposes it to a variety of financial risks; market risks, credit risks, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of the marketplace and seeks to minimise potential adverse effects on the Company's financial performance.

15. Controlling party

The ultimate controlling party is A C Norris by virtue of his shareholding.

GFS CORPORATE DIRECTOR II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

16. Notes supporting statement of cash flows

	2021 £	2020 £
Cash at bank available on demand	84,937,483	38,165,355
Cash and cash equivalents in the statement of financial position	84,937,483	38,165,355
Cash and cash equivalents in the statement of cash flows	84,937,483	38,165,355