Bricklane London REIT plc

Company registration number: 10759361

Annual Report and Financial Statements
For the year ended 30 June 2020

Directory

Non-executive Directors	Simon Heawood Michael Young Paul Windsor Craig Hallam
Registered office	20 Baltic Street London EC1Y 0UL
Registered number	10759361 (England and Wales)
Alternative Investment Fund Manager	Gallium Fund Solutions Limited Gallium House Station Court Borough Green Sevenoaks TN15 8AD
Independent Auditor	Crowe UK LLP 55 Ludgate Hill, London, EC4M 7JW
Investment Advisor	Bricklane Investment Services Ltd 20 Baltic Street London EC1Y 0UL *An appointed representative of Gallium Fund Solutions Limited*
Legal Advisors	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
Standing Independent Valuer	Allsop LLP Platform (8th Floor) New Station Street Leeds LS1 2RY
TISE Listing Sponsor	Carey Olsen Corporate Finance Ltd 47 Esplanade St Helier Jersey JE1 0BD

Contents

Strategic Report

The Directors present their strategic report for the year ended 30 June 2020.

Introduction
Bricklane London REIT plc became the principal company in a UK REIT (Real Estate Investment Trust) group on 1 December 2017. A UK REIT is a Group that carries on a property rental business and meets HM Revenue & Customs (HMRC) requirements for UK REIT status. As a consequence of being a REIT Group, Bricklane London REIT plc does not pay tax on the profits of its property rental business. However, when the Company pays a distribution (Property Income Dividends), tax may be due from shareholders. The REIT regime requires that 90% of the group's property rental income is distributed to its shareholders.

Bricklane London REIT plc owns a subsidiary entity, which together are referred to as the 'Group'.

The principal activity of Bricklane London REIT plc is property investment in the United Kingdom. The Group's investment objective is to make long-term investments in residential property in London and areas commutable to it. On 18 July 2018, the company's shares were admitted to the Official List of The International Stock Exchange. Prior to July 2018 the company was not actively trading.

Going concern

The Directors consider the Group and Company to be a going concern and the financial statements are prepared on this basis.

As at 30 June 2020, the Group had net assets of £4,274,333 (2019: £4,761,551) and net current assets of £225,402 (2019: £579,961). The Group and Company meets its ordinary working capital requirements through its rental income. The Directors have carried out a detailed assessment of going concern as part of the financial reporting process, taking into consideration a number of matters including forecast cash flows.

During the period of the lockdown imposed by the Government during March 2020, letting activity was banned under Government restrictions. The Group and Company experienced higher level of voids during this period and therefore had to wait until the restrictions were lifted to improve the vacancy rates.

In addition to this tenants' individual circumstances were seriously affected, including whether by furlough, redundancy or social isolation. The Group and Company's managing agent proactively engaged with the tenants to maximise retention in particular to retain tenants and reduce tenant arrears.

The impact of Covid-19 was managed to minimise impact on the Group and Company financial position. Current Government restrictions do not have any restrictions on letting activities and therefore there is no immediate concern to the Group and Company.

The Group is subject to principal risks and uncertainties which are discussed within the Strategic Report but for the purpose of going concern the Directors have considered the various key risks and scenarios to assess the impact on going concern over the foreseeable future, being at least 12 months from the date of approval of the financial statements. The Group and Company does not hold any bank debt, therefore is not subject to any cash flow pressure. The Group and Company has a strong cash balance and the Directors do not envisage any material unforeseen costs.

However, as a result of uncertainty around Bricklane Residential REIT plc, on 25 March 2021 the Directors announced that they are also reviewing the future of the Group including the option of an orderly sale of the properties with funds being returned to shareholders. While the Group is so far unaffected by the impact of the fire safety issues, recent trading has been affected by the uncertainty around Bricklane Residential REIT plc, and any path forward will require sustainable solutions for both funds together. Having regard to the above, the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements but recognise that, as a result of the fire safety issue, there is a material uncertainty as to whether the Company can continue as a going concern, of which the shareholders should be aware. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Results to the year ended 30 June 2020
The Directors monitor the Group's KPIs as part of the business review, these KPIs include investment property valuation, net yield, issue price of shares, NAV per share and Adjusted Profit to Shareholders.

During the year, the Group purchased no further properties and the market value of the investment property portfolio decreased by £128,000 (2019: decrease of £18,000), prior to the impact of acquisition costs.

During the year, the Group generated rental income of c.£180k. The weighted average net rental yield for the current portfolio properties is forecast to be 3.4% (2019: 3.3%) over the next 5 years. However, actual performance may vary from this projection.

As a result of uncertainty around Bricklane Residential REIT plc, on 25 March 2021 the Directors announced that they are also reviewing the future of the Group. While the Group is so far unaffected by the impact of the fire safety issues, recent trading has been affected by the uncertainty around Bricklane Residential REIT plc, and any path forward will require sustainable solutions for both funds together.

Share issues and dividends
Historically, when the Group has issued shares the issuance price is set using net asset value per share. In order to treat existing investors fairly, the issuance price used is calculated using net asset value and is adjusted for the amortisation of property acquisition costs. These acquisition costs are amortised over the first five years for each property from purchase. Over the reporting period the effective issue price for new shares has decreased by 3.1% to £1.0572 (2019: £1.0913). The NAV per share decreased by 1.7% to £1.016 (2019: £1.0340).

However, since April 2020 there has been more intended sellers of shares than buyers, which means investors have traded at a price with a discount to the normal issuance price. At the year end the traded share price for the Company was £1.0561, which represents an 0.1% discount to the issuance price.

During the year, the Directors declared and paid interim dividends of 0.3p per share in September 2019 and January 2020 respectively, followed by a dividend payment of 0.45p per share in June 2020. After the year end, no further dividends were paid to shareholders.

The Company intends to pay interim dividends on a quarterly basis either in cash. The payment of any dividends will be subject to market conditions and the level of the Company's net income.

During the year, the Company issued no further shares. The Company purchased 435,647 shares which are held as Treasury Shares and sold 61,885 of those Treasury Shares. Since the year end no further shares were issued and the Company purchased no further Treasury Shares. As at the date of this report, the Company held 397,028 as Treasury Shares.

The results for the year are set out on page 15, which shows that the Adjusted Loss to Shareholders was £36k (2019: £49k profit) which takes into account the impact of acquisition costs incurred during the year. Prior to this adjustment the loss for the year was £38k (2019: £47k).

Principal risks and uncertainties
The management of the business and execution of the Group's strategy is subject to a number of risks. The principal risks affecting the Group include:

Market risk - macroeconomic conditions can lead to poor rental income and/or capital performance. Although the wider market risk is largely dependent on factors the Group cannot control, the Group will continue to manage its exposure by maintaining and growing a portfolio that is diversified across the target markets. In order to deliver the sustainable returns, the Group targets 'mainstream' properties that appeal to a wide range of tenants, and which exhibit strong rental and sales demand.

Valuation risk – the value of property is inherently subjective due to the individual nature of each property. In determining the value of properties, valuers are required to make assumptions, which may prove to be inaccurate. Incorrect assumptions underlying the valuation reports could negatively affect the value of any property assets of the Group. This is particularly so in periods of volatility or when there is a limited real estate transactional data against which property valuations can be benchmarked. This risk is minimised by the appointment of external property valuers who are independent and professional. The Group has considered the potential risk of any remedial cost of replacing combustible cladding and other materials to satisfy the requirements for external wall survey, however the Group has not been notified of any work being required.

Investment risk - poor selection of assets for acquisition can lead to poor rental income and/or capital performance. To mitigate this risk the Group will seek to maintain a diversified portfolio and the investment adviser, Bricklane Investment Services Ltd, carries out rigorous due diligence, in conjunction with its partners, prior to each acquisition.

Regulatory risk - a failure to meet current or increased legal or regulatory obligations can create increased and costly obligations. The Group recognises the importance of meeting all regulatory and legal obligations and so closely monitors regulatory changes.

Risk of reliance on the AIFM and Investment Advisor – The ability of the Group to achieve its investment objective depends on the ability of the AIFM and Investment Advisor to identify, acquire and dispose of investments. In addition, the Investment Advisor pays the fees for some of the Company's service providers that would otherwise be incurred by the Company. The Board will monitor the performance of the AIFM and the Investment Adviser and has the ability to change or vary their appointment subject to relevant notice requirement.

Statement on s172 of the Companies Act 2006

Section 172(1) of the Companies Act requires Directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as whole, taking into account:

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, tenants and others;

(d) the impact of the company's operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the company.

The Directors act proactively to ensure that all decisions are taken for the benefit of the stakeholders which include both tenants and shareholders, there are no employees in the Group. The portfolio is managed by a specialist property manager who are able to engage with tenants and sustain tenancies, dealing with tenant issues in a timely manner and also ensuring all compliance aspects are adequality dealt with thereby building up a high standard and reputation amongst our tenants. The same level of high standards is expected from suppliers to deliver a good service in return for a prompt payment for their services.

To balance our commitment and when making long term decisions, Directors carefully consider all key decisions that impact shareholders, such include deployment of capital for acquisition of properties, which is considered on a case by case basis with investment cases being approved by AIFM prior to acquisition. In order to independently value the assets of the Group and reflect any movement in asset values, Directors engage the service of Allsop LLP (a RICS surveyor) to perform monthly valuations.

Directors regularly hold board meetings to discuss and make decisions that impact the Group, which also include decisions to acquire and sell any Treasury Shares.

The Group is not reporting on energy emissions as it is below the reporting threshold.

This report was approved by the Directors on 30 March 2021 and signed on its behalf by

MNYoung

Michael Young
Director

Directors' Report for the year ended 30 June 2020

The Directors present their report and the audited financial statements of Bricklane London REIT plc together for the year ended 30 June 2020.

Distributions
Interim dividends of 0.3p per share were paid during the year on 26 September 2019 and 30 January 2020 respectively, along with an interim dividend of 0.45p per share on 30 June 2020. After the year end, no further dividends were paid to shareholders. To meet the requirements needed to maintain its status as a REIT, the Group will continue to make PID payments within 12 months from the end of the accounting period. This distribution (Property Income Dividend) is taxed as property income in the shareholders' hands.

In addition, the Group must meet other obligations of the REIT regime, which includes limits on the levels of non-property rental business it can undertake.

Purchase of own shares
To satisfy the demand from subscribers to sell their shares, the Company acquired 435,647 of its own shares during the year for an aggregate consideration of £469,943 and sold 61,885 of those shares. As at year end the Company held 397,028 as Treasury Shares.

Directors
The Directors who served during the year, and up to the date of signing are:
Simon Heawood,
Michael Young,
Paul Windsor, and
Craig Hallam

Statement of Directors' Responsibilities
The Directors are responsible for preparing these financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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

- Selected suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group, and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Employment
The Group has no employees.

Directors Indemnity Insurance
The Directors have a benefit of an indemnity in respect of liabilities arising out of the proper performance of their duties and an exclusion of liability.

Independent auditors
Crowe UK LLP were appointed as auditor on 4th December 2020 and are deemed to be re-appointed under 487(2) of the Companies Act 2006.

Disclosure of information to auditor
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

This report was approved by the Board of Directors on 30 March 2021 and signed on its behalf by

Michael Young
Director

Independent auditor's report to the members of Bricklane London REIT plc

Opinion

We have audited the financial statements of Bricklane London REIT plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2020, which comprise:

- the Group statement of comprehensive income for the year ended 30 June 2020;
- the Group and Parent Company statements of financial position as at 30 June 2020;
- the Group and Parent Company statement of changes in equity for the year then ended;
- the Group and Parent Company statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company, as applied in accordance with the provisions of the Companies Act 2006.

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 30 June 2020 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 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 the going concern section of note 1 of the financial statements, which details the factors the directors have considered when assessing the Group's going concern position. As detailed in note 1, the uncertainty surrounding the impact of the fire safety issues in Bricklane Residential REIT plc has meant the directors have started to consider the future of both REITs together, one option being the orderly sale of properties with funds being returned to the shareholders. This indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £42,000 (2019: £47,616) based on a benchmark of approximately 1% of the gross assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

We determined that for other account balances, classes of transactions and disclosures not related to investment properties a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users. We determined that materiality for these areas should be £6,800, which was set at 5% of recurring profits, adjusted for gain or loss on revaluation of investment properties.

We determined that the same measure as the Group was appropriate for the Parent Company, and the materiality and specific materiality applied to the Parent Company were £42,000 and £6,800.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £340 (2019: £2,381). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our engagement is in respect of the Group's consolidated financial statements and those of the Parent Company.

Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based. Based on this understanding we assessed those aspects of the Group and subsidiary companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
The valuation of the investment property portfolio (2020: £4,037,000; 2019: £4,165,924) The fair value of the investment properties is a significant and material balance in the financial statements and there is a risk of overstatement. The fair value is based on the market values determined on a monthly basis	*Our audit procedures over the valuation of investment properties included:* • Assessing the Group's internal control environment to ensure the robustness of the financial reporting process; • Evaluating the capability, suitability and competence of Allsop LLP, the Group's external valuer, giving specific focus to their qualification and independence;

by management and independent external valuers (Allsop LLP). The valuation requires significant judgement and estimation. The uncertainties over the current economic environment caused by COVID-19 had an impact on the valuation of the Group's properties. Allsop LLP highlighted in its report that there is a 'material uncertainty' clause attached to its valuation. This is due to less transactional evidence as a result of the COVID-19, as further disclosed in note 6.	• Gaining an understanding of the nature of the assets in the portfolio and ensuring classification and designation are appropriate and in line with our expectations; • Reviewing the stated accounting policy and ensuring it is appropriate to the designation and has been applied consistently; • Where third party data was used to support a valuation, we considered the independence and provenance of the third-party data; • Assessing the valuation approach and assumptions made by the external valuer in reaching their conclusions; • Creating independent expectations for value and yield based on market industry data and comparing these to the portfolio results at the year end, based on asset class and segment, thus identifying outliers; • Meeting the external valuer to further discuss the findings from our audit and challenge them with regard to the outliers and the assumptions used, as well as understand the appropriateness of the adjustments made to take into consideration the impact of Covid-19; • Reviewing the adequacy and completeness of disclosures.
Revenue recognition (2020: £179,886; 2019: £156,377) Revenue for the Group consists of solely rental income. Rental income is based on assured shorthold tenancy agreements ("ASTs"). There is an assumed risk of fraud around revenue recognition, as market expectations may incentivise management to misstate revenue recognition. Revenue overstatement could cause a material impact on the Group's net asset value, earnings per share, its level of dividend cover and compliance with REIT regulations.	*Our audit procedures over revenue recognition included:* • Assessing the Group's internal control environment to ensure the processes behind the financial reporting process were robust; • Confirming that revenue was recognised in accordance with the accounting policies that were consistent with the requirements of IFRS 16 Leases; • Performing data analytics procedures aimed at confirming completeness of rental income that involved creating an expectation of total revenue and comparing it to the recognised rental income in the financial statements; • Agreeing a sample of rental income through to the signed AST ensuring the revenue recognition in line with the terms of the agreement, appropriate cut-off, and agreeing the corresponding remittance through to the bank statement.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 or the directors' report.

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

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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: 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.

S. Eden

Stacy Eden (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

31 March 2021

Group Statement of Comprehensive Income

For the year ended 30 June 2020

	Notes	**30 Jun 2020 £**	**30 Jun 2019 £**
Rental Income		179,886	156,377
Property Management Expenses			
Property Management Fees & Letting Costs		(15,802)	(12,585)
Service Charges & Ground Rent		(14,741)	(10,325)
Repairs & Maintenance Costs		(11,262)	(24,705)
Depreciation		(4,568)	(3,805)
Other Expenses		(3,069)	(3,023)
Rental Profit		**130,444**	**101,934**
Unrealised Capital (Losses) / Gains		(128,000)	(18,000)
Fair value loss due to property acquisition costs		(2,563)	(95,633)
Unrealised capital gains net of property acquisition costs		**(130,563)**	**(113,633)**
Property Loss		**(119)**	**(11,699)**
Fund Expenses			
Bank Charges		(327)	(255)
Bricklane Management Fee		(37,692)	(34,690)
Interest payable		-	-
Profit/(loss) before Taxation		**(38,138)**	**(46,644)**
Taxation	*10*	-	-
Profit/(loss) and total comprehensive income for the year		**(38,138)**	**(46,644)**

Analysed as:			
Rental Profit		130,444	101,934
Unrealised Capital (Losses) / Gains		(128,000)	(18,000)
Bricklane Management Fee		(37,692)	(34,690)
Other Fund Expenses		(327)	(255)
Adjusted profit to Shareholders	*15*	**(35,575)**	**48,989**
Fair value loss due to property acquisition costs		(2,563)	(95,633)
Profit/(loss) before Taxation		**(38,138)**	**(46,644)**
Taxation	*10*	-	-
Profit/(loss) and total comprehensive income for the year		**(38,138)**	**(46,644)**

Earnings per ordinary share (basic & diluted) (p)	*13*	(0.9p)	(1.2p)

Group Statement of Financial Position
As at 30 June 2020

	Notes	**30 Jun 2020** **£**	**30 Jun 2019** **£**
Non-Current assets			
Investment property	*1,6*	4,037,000	4,165,924
Property, plant and equipment	*1,5*	11,931	15,666
		4,048,931	**4,181,590**
Current assets			
Receivables	*8*	11,233	13,268
Cash and cash equivalents		226,573	604,353
		237,806	**617,621**
Current liabilities: amounts falling due within one year	*9*	(12,404)	(37,660)
Net Assets		**4,274,333**	**4,761,551**
Capital and reserves			
Share capital	*3*	46,052	46,052
Share premium		838,290	839,820
Capital reduction reserve		3,956,170	4,001,034
Treasury Shares		(428,076)	(25,390)
Retained profit		(138,103)	(99,965)
Shareholders' funds		**4,274,333**	**4,761,551**
Net asset value per share		£1.016	£1.0340

These financial statements were approved by the Board of Directors and authorised for issue on 30 March 2021 and are signed on behalf of the board by:

Michael Young
Director

Company registration number 10759361

The accompanying notes set out on page 20 to 28 form an integral part of these financial statements.

Company Statement of Financial Position
As at 30 June 2020

	Notes	**30 Jun 2020 £**	**30 Jun 2019 £**
Non-Current assets			
Investment property	*1,6*	4,037,000	4,165,924
Property, plant and equipment	*1,5*	11,931	15,666
Investment in subsidiary		1	1
		4,048,932	**4,181,591**
Current assets			
Receivables	*8*	11,233	13,268
Cash and cash equivalents		226,573	604,353
		237,806	**617,621**
Current liabilities: amounts falling due within one year	*9*	(12,405)	(37,661)
Net Assets		**4,274,333**	**4,761,551**
Capital and reserves			
Share capital	*3*	46,052	46,052
Share premium		838,290	839,820
Capital reduction reserve		3,956,170	4,001,034
Treasury Shares		(428,076)	(25,390)
Retained profit		(138,103)	(99,965)
Shareholders' funds		**4,274,333**	**4,761,551**

The Directors have taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting a statement of comprehensive income for the Company alone. (Company Loss: (£38,138), 2019: loss (£46,644))

These financial statements were approved by the Board of Directors and authorised for issue on 30 March 2021 and are signed on behalf of the board by:

Michael Young
Director

Company registration number 10759361

Group and Company Statement of Changes in Equity

For the year ended 30 June 2020

	Share Capital	Share Premium	Capital Reduction Reserve	Treasury Shares	Retained Earnings	Total
	£	£	£	£	£	£
Balance at 30 June 2018	**29,222**	**3,071,339**	**-**	**-**	**(53,321)**	**3,047,240**
Proceeds from the issue of Ordinary Shares	16,830	1,835,124	-	-	-	1,851,954
Capital Reduction	-	(4,066,643)	4,066,643	-	-	-
Dividends Paid	-	-	(65,609)	-	-	(65,609)
Purchase of Treasury Shares	-	-	-	(25,390)	-	(25,390)
Total Comprehensive Income for the year	-	-	-	-	(46,644)	(46,644)
Balance at 30 June 2019	**46,052**	**839,820**	**4,001,034**	**(25,390)**	**(99,965)**	**4,761,551**
Proceeds from the issue of Ordinary Shares	-	-	-	-	-	-
Capital Reduction	-	-	-	-	-	-
Dividends Paid	-	-	(44,864)	-	-	(44,864)
Purchase of Treasury Shares	-	-	-	(469,943)	-	(469,943)
Sale of Treasury Shares	-	-	-	67,257	-	67,257
Loss on sale of Treasury Shares	-	-	-		(1,530)	(1,530)
Total Comprehensive Income for the year	-	-	-	-	(38,138)	(38,138)
Balance at 30 June 2020	**46,052**	**839,820**	**3,956,170**	**(428,076)**	**(139,633)**	**4,274,333**

Group and Company Statement of Cash Flows

As at 30 June 2020

	Notes	**30 Jun 2020 £**	**30 Jun 2019 £**
Cash Flows from Operating Activities			
Total comprehensive income for the Operating Period		**(38,138)**	**(46,644)**
Adjusted for;			
Unrealised valuation losses on investment property	*6*	128,000	18,000
Property acquisitions costs		2,563	95,633
Decrease in receivables	*8*	2,035	66,049
Increase / (decrease) in payables	*9*	(25,256)	28,121
Depreciation	*5*	4,568	3,805
Net Cash Flows used in Operating Activities		**73,772**	**164,964**
Cash Flows from Investing Activities			
Acquisition and refurbishment of investment property		(1,639)	(1,478,033)
Purchase of property, plant and equipment	*5*	(833)	(6,903)
Net Cash Flows from Investing Activities		**(2,472)**	**(1,484,936)**
Cash Flows from Financing Activities			
Proceeds from the issue of ordinary shares	*3*	-	1,851,954
Purchase of Treasury Shares		(469,943)	(25,390)
Sale of Treasury Shares		67,257	-
Loss on sale of Treasury Shares		(1,530)	-
Dividends paid		(44,864)	(65,609)
Net Cash Flows from Financing Activities		**(449,080)**	**1,760,955**
Increase / (decrease) in cash and cash equivalents		(377,780)	440,983
Cash and cash equivalents at the start of the year		604,353	163,370
Cash and cash equivalents at the end of the year		**226,573**	**604,353**

Notes to the Consolidated and Company Financial Statements
for the year ended 30 June 2020

1. Accounting policies

Basis of preparation
Bricklane London REIT plc (the Company) is a Company incorporated and domiciled in the UK. It is a public limited liability company listed on The International Stock Exchange. The Group financial statements consolidate those of the Company and its subsidiary, together referred as the 'Group'. All notes, with the exception of note 7 relate to both the Group and the Company.

These audited financial statements of the Company and Group for the year ended 30 June 2020 have been prepared in accordance with and comply with International Financial Reporting Standards ('IFRSs') as adopted by the EU and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention except investment property which are stated at their fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements. The accounting policies set our below are applicable to the Group and Company unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on the Directors' best knowledge of the events and amounts involved, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity or areas where estimates or assumptions are significant to the financial statements are disclosed in note 2.

Going concern

The Directors consider the Group and Company to be a going concern and the financial statements are prepared on this basis.

As at 30 June 2020, the Group had net assets of £4,274,333 (2019: £4,761,551) and net current assets of £225,402 (2019: £579,961). The Group and Company meets its ordinary working capital requirements through its rental income. The Directors have carried out a detailed assessment of going concern as part of the financial reporting process, taking into consideration a number of matters including forecast cash flows.

During the period of the lockdown imposed by the Government during March 2020, letting activity was not allowed under Government restrictions. The Group and Company experienced higher level of voids during this period and therefore had to wait until the restrictions were lifted to improve the vacancy rates.

In addition to this tenants' individual circumstances were affected including those being furloughed. The Group and Company's managing agent proactively engaged with the tenants to sustain tenancies in particular to retain tenants and reduce tenant arrears.

The impact of Covid-19 was managed to minimise impact on the Group and Company financial position. Current Government restrictions do not have any restrictions on letting activities and therefore there is no immediate concern to the Group and Company.

The Group is subject to principal risks and uncertainties which are discussed within the Strategic Report but for the purpose of going concern the Directors have considered the various key risks and scenarios to assess the impact on going concern over the foreseeable future, being at least 12 months from the date of approval of the financial statements. The Group and Company does not hold any bank debt, therefore is not subject to any cash flow pressure. The Group and Company has a strong cash balance and the Directors do not envisage any material unforeseen costs.

However, as a result of uncertainty around Bricklane Residential REIT plc, on 25 March 2021 the Directors announced that they are also reviewing the future of the Group including the option of an orderly sale of the properties with funds being returned to shareholders. While the Group is so far unaffected by the impact of the fire safety issues, recent trading has been affected by the uncertainty around Bricklane Residential REIT plc, and any path forward will require sustainable solutions for both funds together. Having regard to the above, the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements but recognise that, as a result of the fire safety issue, there is a material uncertainty as to whether the Company can continue as a going concern, of which the shareholders should be aware. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Basis of consolidation

The consolidated financial statements for the year ended 30 June 2020 incorporate the financial statements of the Company and its subsidiary undertaking. Subsidiary undertakings are those entities controlled by the Company as detailed in note 7. Control exists where an entity is exposed to variable returns and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiary are included in the consolidated financial statements from the date that control commenced.

In preparing the consolidated financial statements, intra-Group balances, transactions and unrealised gains or losses have been eliminated in full. Uniform accounting policies are adopted for all companies within the Group.

Investments in subsidiary undertakings

Investments in subsidiary undertaking is stated at cost in the Company's statement of financial position, less any provision for impairment in value.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except that the following new standards have become effective in the current year:

- IFRS 16, 'Leases', replaces the existing standard IAS 17 Leases, where lessees are required to make a distinction between a finance lease and an operating lease. Effective for reporting periods beginning on or after 1 January 2019. As the approach to lessor accounting is substantially unchanged in IFRS 16 compared to IAS 17, the Group does not consider that the new standard has any material impact on the Group's financial statements.

Standards issued but not yet effective

The following standard amendments have been issued but are not effective for this accounting year and have not been adopted early:

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8. Accounting Policies, Changes in Accounting Estimates and Errors - Amendments in Definition of Material clarifies the definition of 'material' and aligns the definition used in the Conceptual Framework and the standards. The Group does not consider that the new amendment will have any material impact on the Group's financial statements, as all estimates are prudently calculated.

Property, plant and equipment

These assets are stated at historical cost less accumulated depreciation. Depreciation is charged using the straight-line method over 3 to 5 years.

Property, plant and equipment relates to furniture and white goods which are situated across the REIT's investment properties and can be reallocated between the different properties as tenancies require.

Revenue Recognition

Rental income comprises the fair value of the consideration received or receivable during ordinary operating activities. Revenue is recognised when the amount of revenue and related cost can be reliably measured and the collectability of the related receivables is reasonably assured. Rental income (net of any incentives given to the lessees, such as rent-free periods) is recognised on a straight-line basis over the lease term.

Segmental analysis
The Directors, who together are the Chief Operating decision makers, consider that the Group comprises of one operating segment and that it operates in the country of incorporation. The Group provides Directors with financial information that is on an aggregated level with the exception of the fair value of the investment properties. As such, there is no segmental information to disclose.

There are 7 tenants who individually contribute 10% or more of the Company's revenue. In total, revenue attributable to these tenants total £149,060.

Expense Recognition
All expenses are accounted for on an accruals basis. Letting costs and costs associated with setting up a lease are recognised on a straight-line basis over the lease term.

Investment Properties
Investment properties are initially recognised at cost (including acquisition costs) and subsequently carried at fair value, as provided by Allsop LLP. Allsop LLP are external valuers who hold a recognised and relevant qualification and have experience in valuing residential property. Changes in fair values are recognised as unrealised gains or losses through the profit or loss. Investment properties are subject to renovations or improvements at regular intervals. The costs of renovations and improvements are capitalised. The costs of maintenance, repairs and minor improvements are recognised in the profit or loss when incurred. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in income statement.

Cash and cash equivalents
Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

Receivables
Rents receivable are recognised and carried at the original payment amount, less an allowance of uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Functional and presentational currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in pounds sterling, which is the Group's functional and presentational currency.

2. Critical accounting estimates and assumptions

The following is intended to provide further details relating to those accounting policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

REIT status
Bricklane London REIT plc is the principal company of a Real Estate Investment Trust ("REIT") group, and as such, does not pay corporation tax on its property rental business profits (property income and gains on property disposals) provided that at least 90% of the Groups' property income is distributed to shareholders within specified time limits. This distribution (Property Income Dividend) is taxed as property income in the shareholders' hands. In addition, the Group must meet other obligations of the REIT regime, which includes limits on the levels of non-property rental business it can undertake. The Directors' view is that all REIT compliance tests have been met to ensure that the Group maintains its REIT status. It is the Directors' intention that the Group will continue as a REIT for the foreseeable future.

Valuation of Investment Property
The Directors are required to make an assessment of the value of the Group's investment property portfolio using the valuation prepared by Allsop LLP. The fair value provided by the Allsop LLP is based on the market value of the individual residential units.

Calculation of loss allowance – expected credit losses (ECL)

The Group faces risk of rent arrears and bad debt which is actively managed and monitored. Tenants have to a lodge a security deposit, held by the managing agent in a government approved scheme. This can be used to offset any rent arrears, any additional arrears can be pursued through further legal action. The Group writes off a receivable balance when there is no realistic prospect of recovery or the cost of recovery exceed the recoverable balance. On this basis the Group considers its ECL to be sufficiently immaterial for it to be recognised within the financial statements.

3. Called up share capital

	30 June 2020 £	30 June 2019 £
Allotted, called up and fully paid		
4,605,152 ordinary shares (2019: 4,605,152) of £0.01 each	46,052	46,052

During the year no further ordinary shares were issued. Each ordinary share has equal right to dividends and is entitled and has equal rights to participate in a distribution arising from a winding up of the Group. The ordinary shares are not redeemable.

The Company acquired 435,647 of its own shares during the year for an aggregate consideration of £469,943 and sold 61,885 of those shares. As at year end the Company held 397,028 as Treasury Shares.

The share issue costs during the year were paid by Bricklane Investments Services Ltd, the Group's Investment Advisor.

Earnings per share from continuing operations is disclosed in note 13.

During the year, the Directors declared and paid interim dividends of 0.3p per share in September 2019 and January 2020 respectively, followed by a dividend payment of 0.45p per share in June 2020. After the year end, no further dividends were paid to shareholders.

4. Auditor remuneration

Fees of £10,000 (2019: £23,000) are payable to the Group's auditor for the audit of the Group's annual accounts. This fee will be paid by Bricklane Investment Services Ltd on behalf of Bricklane London REIT plc. No other fees were paid to the auditor in the year.

5. Property, plant and equipment

	Furniture, fixtures and fittings £
Year ended 30 June 2019	
Opening net book amount	12,568
Additions	6,903
Depreciation charge	(3,805)
Carrying amount	**15,666**
As at 30 June 2019	
Cost	21,075
Accumulated depreciation	(5,409)
Carrying amount	**15,666**
Year ended 30 June 2020	
Opening net book amount	15,666
Additions	833
Depreciation charge	(4,568)
Carrying amount	**11,931**

As at 30 June 2020	
Cost	21,908
Accumulated depreciation	(9,977)
Carrying amount	**11,931**

6. Investment Property

	30 June 2020 £	30 June 2019 £
Fair value		
Brought forward	**4,165,924**	**2,801,524**
Additions:		
- Direct acquisitions	-	1,383,000
- Acquisition costs	-	95,633
- Capitalised acquisition costs	(924)	(600)
Gain / (loss) from fair value adjustments on investment property (net of Acquisition costs)	(128,000)	(113,633)
Carried forward	**4,037,000**	**4,165,924**

The fair value of the Group and Company's investment property at 30 June 2020 was arrived at on the basis of a valuation carried out at that date by Allsop LLP, independent valuers not connected with the Group. The valuation conforms to RICS Valuation Standards (the "Red Book") and was arrived at by reference to market evidence of transactions for similar properties. The valuation was determined based on 'Market Value', being '*The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

The valuation was subject to mandatory RICS 'material uncertainty clause' as a result of the COVID-19 crisis. The transactional evidence that was available for valuations at year end generally related to the period before the housing market largely closed down due to restrictions imposed by the UK Government.

For the purpose of reporting, fair value is deemed to be the market value and the valuation technique has not changed during the year. As at year end none of the properties were pledged or had any secured borrowing against them.

7. Investment in subsidiary (company only)

	30 June 2020 £	30 June 2019 £
Cost		
Brought forward	1	-
Additions	-	1
Carried forward	**1**	**1**

Bricklane London REIT Plc holds 100% of the ordinary shares in Bricklane London Acquisitions Ltd, a dormant company incorporated in the United Kingdom and is registered at 20 Baltic Street, London, EC1Y 0UL.

8. Receivables

	30 June 2020 £	30 June 2019 £
Accounts receivable	2,759	4,126
Prepayments	8,474	9,142
	11,233	**13,268**

The Group faces risk of rent arrears and bad debt which is actively managed and monitored. Tenants have to a lodge a security deposit, held by the managing agent in a government approved scheme. This can be used to offset any rent arrears, any additional arrears can be pursued through further legal action. The Group writes off a receivable balance when there is no realistic prospect of recovery or the cost of recovery exceed the recoverable balance. On this basis the Group considers expected credit losses to be sufficiently immaterial to be recognised within the financial statements.

No loss allowance has been recognised as the Group considers ECL to be sufficiently immaterial to be recognised within the financial statements as noted in note 2.

9. Current liabilities

	30 June 2020 £	30 June 2019 £
Accounts payable	771	56
Accruals	9,680	9,017
Other creditors*	1,003	27,637
Provision	950	950
	12,404	**37,660**

*Other creditors consist of amounts due to broker for share buyback and withholding tax.

10. Taxation

Effective 1 December 2017 the Bricklane London REIT Plc elected for UK REIT status. Consequently, Bricklane London REIT Plc does not pay corporation tax on its property rental business profits (property income and gains on property disposals), provided that at least 90% of the REIT's property income is distributed to shareholders and other criteria is met. This distribution is taxed as property income in the shareholders' hands. Any Group profits which do not qualify for exemption under the REIT regime are subject to UK tax in the normal way. The Directors intend that the Group should continue as a REIT for the foreseeable future, with the result that deferred tax is no longer recognised on temporary differences relating to the property rental business.

11. Employees and directors

The Group does not have any employees.

Three of the four Directors do not receive any remuneration for their roles as Directors of the Group. One Director received a total fee of £14,500 during the year (2019: £14,500), however this fee was paid by Bricklane Investment Services Ltd.

12. Operating leases

The future aggregate minimum lease payments due to the Group under non-cancellable operating leases are as follows:

	30 June 2020 £	30 June 2019 £
Expiring within one year	20,045	41,040
Expiring later than one year but not later than five years	-	-

Operating leases relate to residential investment properties owned by the Group, which are let on standard Assured Shorthold Tenancy (AST) for a minimum of 6 months, subject to a break clause. Terms of the agreement allow the tenants to renew the contract at the end of the term to agreed revised rental.

13. Earnings per share

Basic earnings per share is calculated by dividing the Profit and total comprehensive income for the year by the weighted average number of ordinary shares in issue during the year. There are no dilutive instruments outstanding and so basic and diluted earnings per share are identical.

	30 June 2020	30 June 2019
Profit and total comprehensive income for the year	(£38,138)	(£46,644)
Earnings per share	(0.9p)	(1.2p)
Weighted average number of ordinary shares in the year	4,298,762	3,817,386

14. Events after the reporting date

After the 30 June 2020 Bricklane London REIT Plc did not issue any further shares or purchased any shares as part of share buyback.

15. Total adjusted profit to Shareholders

The Directors intend to expand the Group through a programme of share issues and purchase additional investment properties with the proceeds. The Group will incur acquisition costs as a result of each of these purchases, and under IFRS these will immediately impact the income statement.

Due to the continued purchase of properties, the Group may continue to generate a loss under IFRS, such as in this year. In order to provide shareholders with useful information and to show a result that reflects the underlying performance of the property portfolio, shareholders have been provided with an adjusted profit calculation, which excluded acquisitions costs incurred during the year.

In order to treat existing investors fairly, when the Company issues shares, the issue price used is calculated using net asset value and is adjusted for the amortisation of property acquisition costs. These acquisition costs are amortised over the first five years for each property from purchase. This practice is in line with other real estate investment companies.

16. Financial Risk Management

The main financial risks arising from the Group's activities are market risk, liquidity risk and credit risk. The Group's approach to managing these risks are outlined below.

The Group manages these risks through the review of information supplied by the investment advisor and other sources, which is then discussed at Board meetings.

Market risk

The Group's exposure to market risk is comprised mainly of movements in the value of the Group's property investments and hence to movements in house price valuations. An exposure to the housing market is a key driver for investment into the Group by shareholders, and so the Group does not aim to remove market risk. However, to mitigate this risk, an investment advisor has been appointed. The investment advisor monitors the market value of investment properties by having independent valuations performed monthly.

The Group is not exposed to market price movements on financial instruments as it did not hold any equity securities during the year.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in raising funds to meet commitments associated with financial liabilities, which would result in a large draw on cash resources. As a REIT, the Group is required to distribute at least 90% of the Group's net property income to shareholders within specified time limits.

The table below analyses financial liabilities into relevant maturity groupings, based at the statement of financial position date on the remaining year to maturity date.

30 June 2020	**Less than 1 year**	**Total**
	£	**£**
Payables held at amortised cost	12,404	37,660
	12,404	**37,660**

30 June 2019	**Less than 1 year**	**Total**
	£	**£**
Payables held at amortised cost	12,404	37,660
	12,404	**37,660**

Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Group. In the event of default by an occupational tenant, the Group will suffer a rental shortfall and incur additional related costs. Prior to agreeing a tenancy agreement with a new tenant, checks are performed to assess their creditworthiness. In addition, the investment advisor regularly reviews the reports on any tenants in arrears and upcoming tenancy end dates are monitored.

Cash balances at the year end were held with Metro Bank PLC, with a Fitch rating of B+ and with Gallium Fund Solutions Limited (AIFM) within their segregated client account held with Barclays Bank PLC with a Fitch rating of A+.

Fair value hierarchy disclosures

The table below sets out fair value measurements using the IFRS 13 Fair Value hierarchy for investment property, which is the only asset type held at fair value.

30 June 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investment Property	-	-	4,037,000	4,037,000
	-	**-**	**4,037,000**	**4,037,000**

30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investment Property	-	-	4,165,924	4,165,924
	-	**-**	**4,165,924**	**4,165,924**

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in an active market for identical assets
Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices
Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data

There were no transfers between levels during the year.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of equity of the Group (comprising issued capital, reserves and retained earnings).

The Group is not subject to any externally imposed capital requirements.

17. Related party transactions

Unless otherwise disclosed in these financial statements, there have been no other related party transactions during the year. During the year a management fee of £37,692 (2019: £34,690) was charged by Bricklane Investment Services Limited, a company under common control of Simon Heawood and Michael Young. As at year end, the Company had an outstanding balance of £2,988 (2019: £3,329).