Bricklane London REIT plc

Company registration number: 10759361

Annual Report and Financial Statements
For the year ended 30 June 2021

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 U.K. 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 2021.

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 was 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.

Although the Bricklane London REIT plc has so far been unaffected by fire safety issues, the viability of the Group has been severely impacted by the issues in Bricklane Residential REIT plc. Shareholder confidence is key for the long-term viability of these funds, and demand for new shares in the Company has been extremely low since the issues with Bricklane Residential REIT plc came to light last year. We cannot guarantee that the Group will not be affected by fire safety issues in the future, and the confidence of prospective investors is of paramount importance. In light of these circumstances, and having evaluated the circumstances and available options, on 10 June 2021 the Directors announced that they believed that investors' interests were best served through an orderly sale of properties, after which net proceeds cash will be returned.

Going concern

In assessing the Group's going concern status, the Directors have concluded that it is not appropriate to adopt the principles of going concern and therefore the Group and Company accounts have been prepared on a basis other than going concern.

As the Directors announced their intention to wind down the entities on 10 June 2021, under IAS 1 (Presentation of Financial Statements), the accounts cannot be prepared on a going concern basis. This is despite the Group having sufficient working capital to pay its debts.

A basis other than going concern may require adjustments to the financial statements to reduce assets to their recoverable values; to provide for liabilities arising from the decision and to reclassify non-current assets and long-term liabilities as current assets and liabilities. After carrying out a review of the Group, it was concluded that the only necessary change was a reclassification of property assets from non-current to current, as the requirements of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) were met. These assets are currently being marketed and expected to be sold within 12 months of the balance sheet date.

As at 30 June 2021, the Group had net assets of £4,225,840 (2020: £4,274,333) and net current assets of £4,225,840 (2020: £225,402).

Results to the year ended 30 June 2021

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 and NAV per share.

During the year, the Group purchased no further properties and the market value of the investment property portfolio increased by £8,000 (2020: decrease of £128,000), prior to the impact of acquisition costs. The Group is now actively marketing the portfolio. By the end of the reporting period, the Group had sold £525,000 of assets and since the year end a further £1.025m have been sold.

During the year, the Group generated rental income of c.£153k (2020: c.£180k) and made a profit before tax of c.£15k (2020: c.£38k loss).

Share issues and dividends

During the year, the Directors declared and paid an interim dividend of 1.5p per share in June 2021. After the year end, no further dividends were paid to shareholders.

Directors are now intending to revert to quarterly dividends, which were paused during the last financial year.

During the year, the Company issued no further shares and no further Treasury Shares were purchased. 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 14, which shows that the Adjusted Profit to Shareholders was £15k (2020: 36k loss) which takes into account the impact of acquisition costs. Prior to this adjustment the profit for the year was £15k (2020: £38k loss).

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 managed its exposure by maintaining and growing a portfolio that is diversified across the target markets, however now the Group is in the process of selling down its portfolio.

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 sought to maintain a diversified portfolio and the Group carries out rigorous due diligence, in conjunction with its advisors, 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 adequately 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 bi-annual 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 25 February 2022 and signed on its behalf by

Michael Young
Director

Directors' Report for the year ended 30 June 2021

The Directors present their report and the audited financial statements of Bricklane London REIT plc together for the year ended 30 June 2021.

Distributions
Interim dividends of 1.5p per share were paid during the year on 16 June 2021. 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
No Treasury Shares were purchased or sold during the year. 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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:

- Select 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 international accounting standards in conformity with the requirements of the Companies Act 2006; 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 U.K. 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 25 February 2022 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 2021, which comprise:

- the Group statement of comprehensive income for the year ended 30 June 2021;
- the Group and Parent Company statements of financial position as at 30 June 2021;
- the Group and Parent Company statements of cash flows for the year then ended;
- the Group and Parent Company statements of changes in equity 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 Accounting Standards 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 Group's and of the Parent Company's affairs as at 30 June 2021 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 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.

Emphasis of a matter – financial statements prepared on a basis other than going concern

We draw attention to Note 1 to the financial statements which explains that following the announcement of the directors' plan to wind up the Company due to the ongoing fire safety crisis the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1 and we do not form any conclusions in respect of 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 £45,000 (2020: £42,000), 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. The overall performance materiality was determined to be £32,000 (2020: £30,000).

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 £4,500 (2020: £6,800), which was set at 5% of recurring profits, adjusted for gain or loss on revaluation of investment properties. The performance materiality for these areas was determined to be £3,200 (2020: £4,800).

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 £45,000 (2020: £42,000) and £4,500 (2020: £6,800). The performance materiality for parent Company's overall materiality and specific materiality was determined to be £32,000 (2020: £30,000) and £3,200 (2020: £4,800).

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 £225 (2020: £340). 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 emphasis of matter paragraph, 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 (2021: £3,520,000; 2020: £4,037,000) 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 regular basis by	*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 in respect of the valuations; • 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;

management and independent external valuers (Allsop LLP). The valuation requires significant judgement and estimation.	• Reviewing the stated accounting policy and ensuring it is appropriate to the designation and has been applied consistently; • Assessing the valuation approach followed by the external valuer in reaching their conclusions; • Evaluating the capability, suitability and competence of Allsop LLP, the Group's external valuer, giving specific focus to their qualifications and independence; • 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; • Where third party data was used to support a valuation, we considered the independence and provenance of the third-party data; • Discussing with the external valuer the findings from our audit and challenge them with regard to the outliers identified by the audit team, as well as understand the appropriateness of the adjustments made to take into consideration the impact of Covid-19; • Analysing profit or loss on disposal of properties during the year and post year end as an indication of the appropriateness of the carrying values as at 30 June 2021; and • Reviewing the adequacy and completeness of disclosures.

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 contained within the annual report. 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.

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 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 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 directors' report and strategic 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.

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 however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the Company.

We completed a risk-assessment process during our planning for this audit that specifically considered the risk of fraud. This process included enquiry of management and those charged with governance, as well as developing our understanding of the legal and regulatory framework, the Group and Parent Company's policies and procedures around laws and regulations and financial reporting. The audit process included a specific review of the Group's internal control environment over key systems and processes.

Based on our understanding of the Group and industry, discussions with management and the Audit Committee we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements.

Other laws and regulations where non-compliance may have a material effect on the Group's operations are laws and regulations associated with the listing on the International Stock Exchange and REIT regime compliance.

To identify risks of material misstatement due to fraud we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- reading minutes of board and audit committee meetings;
- considering whether remuneration incentive schemes or performance targets exist.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, fraudulent revenue recognition and valuation of investment properties. We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. Further detail on the audit procedures performed in respect of fraudulent revenue recognition and valuation of investment properties is set out in the key audit matter disclosures above.

To address the pervasive risk as it relates to management override, we also performed procedures including:

- examining supporting documents for all material balances, transactions and disclosures;
- enquiry of management about litigations and claims and inspection of relevant correspondence;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- specific audit testing on and review of areas that could be subject to management override of controls and potential bias, most notably around the key judgments and estimates, including the carrying value of accruals and provisions, recoverability of debtors, capitalisation of expenses;
- considering management override of controls outside of the normal operating cycles including testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements including evaluating the business rationale of significant transactions outside the normal course of business;
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities is available 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.

Leo Malkin (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

3 March 2022

Group Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	30 Jun 2021	30 Jun 2020
		£	£
Rental Income		152,610	179,886
Property Management Expenses			
Property Management Fees & Letting Costs		(17,073)	(15,802)
Service Charges & Ground Rent		(15,085)	(14,741)
Repairs & Maintenance Costs		(24,706)	(11,262)
Depreciation		(4,648)	(4,568)
Other Expenses		(6,486)	(3,069)
Rental Profit		**84,612**	**130,444**
Unrealised Capital (Losses) / Gains		8,000	(128,000)
Fair value loss due to property acquisition costs		-	(2,563)
Unrealised capital gains net of property acquisition costs		**8,000**	**(130,563)**
Realised capital losses on property disposal		**(15,787)**	**-**
Property Profit / (Loss)		**76,825**	**(119)**
Fund Expenses			
Bank Charges		(240)	(327)
Administration Fees		(61,956)	(37,692)
Profit/(loss) before Taxation		**14,629**	**(38,138)**
Taxation	*10*	-	-
Profit/(loss) and total comprehensive income for the year		**14,629**	**(38,138)**

Analysed as:			
Rental Profit		84,612	130,444
Unrealised Capital (Losses) / Gains		8,000	(128,000)
Realised Capital Losses		(15,787)	-
Administration Fees & Other Fund Expenses		(62,196)	(38,019)
Adjusted profit to Shareholders	*15*	**14,629**	**(35,575)**
Fair value loss due to property acquisition costs		-	(2,563)
Profit/(loss) before Taxation		**14,629**	**(38,138)**
Profit/(loss) and total comprehensive income for the year		**14,629**	**(38,138)**

Earnings per ordinary share (basic & diluted) (p)	*13*	0.35p	(0.9p)

Group Statement of Financial Position
As at 30 June 2021

	Notes	**30 Jun 2021** **£**	**30 Jun 2020** **£**
Non-Current assets			
Investment property	*1,6*	-	4,037,000
Property, plant and equipment	*1,5*	-	11,931
		-	**4,048,931**
Current assets			
Investment property	*1,6*	3,520,000	-
Property, plant and equipment	*1,5*	8,417	-
Receivables	*8*	548,532	11,233
Cash and cash equivalents		182,975	226,573
		4,259,924	**237,806**
Current liabilities: amounts falling due within one year	*9*	(34,084)	(12,404)
Net Assets		**4,225,840**	**4,274,333**
Capital and reserves			
Share capital	*3*	46,052	46,052
Share premium		838,290	838,290
Capital reduction reserve		3,893,048	3,956,170
Treasury Shares		(428,076)	(428,076)
Retained profit / (loss)		(123,474)	(138,103)
Shareholders' funds		**4,225,840**	**4,274,333**
Net asset value per share		£1.004	£1.016

These financial statements were approved by the Board of Directors and authorised for issue on 25 February 2022 and are signed on behalf of the board by:

Michael Young
Director

Company registration number 10759361

The accompanying notes set out on page 19 to 26 form an integral part of these financial statements.

Company Statement of Financial Position
As at 30 June 2021

	Notes	**30 Jun 2021 £**	**30 Jun 2020 £**
Non-Current assets			
Investment property	*1,6*	-	4,037,000
Property, plant and equipment	*1,5*	-	11,931
Investment in subsidiary		1	1
		1	**4,048,932**
Current assets			
Investment property	*1,6*	3,520,000	-
Property, plant and equipment	*1,5*	8,417	-
Receivables	*8*	548,532	11,233
Cash and cash equivalents		182,975	226,573
		4,259,924	**4,286,738**
Current liabilities: amounts falling due within one year	*9*	(34,085)	(12,405)
Net Assets		**4,225,840**	**4,274,333**
Capital and reserves			
Share capital	*3*	46,052	46,052
Share premium		838,290	838,290
Capital reduction reserve		3,893,048	3,956,170
Treasury Shares		(428,076)	(428,076)
Retained profit / (loss)		(123,474)	(138,103)
Shareholders' funds		**4,225,840**	**4,274,333**

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 Profit: £14,629, 2020: loss (£38,138))

These financial statements were approved by the Board of Directors and authorised for issue on 25 February 2022 and are signed on behalf of the board by:

MNYoung

Michael Young
Director

Company registration number 10759361

Group and Company Statement of Changes in Equity

For the year ended 30 June 2021

	Share Capital £	Share Premium £	Capital Reduction Reserve £	Treasury Shares £	Retained Earnings £	Total £
Balance at 30 June 2019	**46,052**	**839,820**	**4,001,034**	**(25,390)**	**(99,965)**	**4,761,551**
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**	**838,290**	**3,956,170**	**(428,076)**	**(138,103)**	**4,274,333**
Dividends Paid	-	-	(63,122)	-	-	(63,122)
Total Comprehensive Income for the year	-	-	-	-	14,629	14,629
Balance at 30 June 2021	**46,052**	**838,290**	**3,893,048**	**(428,076)**	**(123,474)**	**4,225,840**

Group and Company Statement of Cash Flows

As at 30 June 2021

	Notes	30 Jun 2021 £	30 Jun 2020 £
Cash Flows from Operating Activities			
Total comprehensive income for the Operating Period		**14,629**	**(38,138)**
Adjusted for;			
Unrealised valuation gain / losses on investment property	*6*	(8,000)	128,000
Realised losses on disposal		15,787	-
Property acquisitions costs		-	2,563
(Increase) / decrease in receivables		(28,086)	2,035
Increase / (decrease) in payables	*9*	21,680	(25,256)
Depreciation	*5*	4,648	4,568
Loss on disposal of fixed assets		1,842	-
Net Cash Flows used in Operating Activities		**22,500**	**73,772**
Cash Flows from Investing Activities			
Acquisition and refurbishment of investment property		-	(1,639)
Purchase of property, plant and equipment	*5*	(2,976)	(833)
Net Cash Flows from Investing Activities		**(2,976)**	**(2,472)**
Cash Flows from Financing Activities			
Purchase of Treasury Shares		-	(469,943)
Sale of Treasury Shares		-	67,257
Loss on sale of Treasury Shares		-	(1,530)
Dividends paid		(63,122)	(44,864)
Net Cash Flows from Financing Activities		**(63,122)**	**(449,080)**
Increase / (decrease) in cash and cash equivalents		(43,598)	(377,780)
Cash and cash equivalents at the start of the year		226,573	604,353
Cash and cash equivalents at the end of the year		**182,975**	**226,573**

Notes to the Consolidated and Company Financial Statements
for the year ended 30 June 2021

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 2021 have been prepared on a basis other than going concern in accordance with and comply with International Accounting Standards in conformity with the requirements of 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 comparative financial information was prepared on a going concern basis. The accounting policies set our below are applicable to the Group and Company unless otherwise stated.

The preparation of financial statements in compliance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 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.

In assessing the Group's going concern status the Directors have concluded that it is not appropriate to adopt the principles of going concern and therefore the Group and Company accounts have been prepared on a basis other than going concern.

Going concern
The Directors announced their intention to wind down the entities on 10 June 2021 due to the viability of the Group resulting from reduced demand for new shares, which has been driven from fire safety issues within Bricklane Residential REIT plc, therefore under IAS 1 (Presentation of Financial Statements), the accounts cannot be prepared on a going concern basis. In assessing the Group's going concern status on this basis, the Directors have concluded that it is not appropriate to adopt the principles of going concern and therefore the Group and Company accounts have been prepared on a basis other than going concern.

A basis other than going concern may require an adjustment to the financial statements to reduce assets to their recoverable values; to provide for liabilities arising from the decision and to reclassify non-current assets and long-term liabilities as current assets and liabilities. After carrying out a review of the Group, it was concluded that the only necessary change was a reclassification of property assets from non-current to current, as the requirements of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) were met. These assets are currently being marketed and expected to be sold within 12 months of the balance sheet date.

Basis of consolidation
The consolidated financial statements for the year ended 30 June 2021 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 following new standards have become effective in the current year:

- 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. Effective for reporting periods beginning on or after 1 January 2020. The Group does not consider that the new amendment has any material impact on the Group's financial statements.

Standards issued but not yet effective
No standard amendments have been issued that are applicable to the Group that are not effective or have not been adopted early.

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 £127,870.

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 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 exceeds 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 2021	30 June 2020
	£	£
Allotted, called up and fully paid		
4,605,152 ordinary shares (2020: 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.

As at year end the Company held 397,028 as Treasury Shares.

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

During the year, the Directors declared and paid interim dividends of 1.5p per share in June 2021. After the year end, no further dividends were paid to shareholders.

4. Auditor remuneration

Fees of £10,000 (2020: £10,000) 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 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**
Year ended 30 June 2021	
Opening net book amount	11,931
Additions	2,976
Disposals	(1,842)
Depreciation charge	(4,648)
Carrying amount	**8,417**
As at 30 June 2021	
Cost	21,245
Accumulated depreciation	(12,828)
Carrying amount	**8,417**

6. Investment Property

	30 June 2021 £	30 June 2020 £
Fair value		
Brought forward	**4,037,000**	**4,165,924**
Additions:		
- Capitalised acquisition costs	-	(924)
Gain / (loss) from fair value adjustments on investment property (net of Acquisition costs)	8,000	(128,000)
Disposals	(525,000)	-
Carried forward	**3,520,000**	**4,037,000**

The fair value of the Group and Company's investment property at 30 June 2021 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.'*

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.

During the year, the Company sold a property for a consideration of £520,000.

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 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Investment Property	-	-	3,520,000	3,520,000
	-	**-**	**3,520,000**	**3,520,000**

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

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

The fair value of investment properties as at 30 June 2021 was determined by the Group's external valuer, Allsop LLP. The valuations are in accordance with RICS standards and were arrived at by reference to market evidence of transactions for similar properties. The valuations performed by the valuer are reviewed internally by Senior management and other relevant people within the business.

The valuer's opinion of the fair value was primarily derived using comparable recent market transactions on arm's length terms.

There were no transfers between levels during the year.

7. Investment in subsidiary (company only)

	30 June 2021	**30 June 2020**
	£	**£**
Cost		
Brought forward	1	1
Additions	-	-
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 2021	**30 June 2020**
	£	**£**
Accounts receivable*	541,003	2,759
Prepayments	7,529	8,474
	548,532	**11,233**

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.

*Accounts receivables includes £508,770 due from a sale of an investment property which completed on the reporting date. This amount is recoverable from Bricklane Residential REIT plc and the balance has been settled post year end.

9. Current liabilities

	30 June 2021 £	30 June 2020 £
Accounts payable	17,367	771
Accruals	15,764	9,680
Other creditors	3	1,003
Provision	950	950
	34,084	**12,404**

As at year end there were no capital commitments.

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.

None of the Directors receive any remuneration for their roles as Directors of the Group. During the year £14,500 (2020: £14,500) was paid for Director services to Crestbridge UK Limited in relation to one Director. £10,875 of this fee was paid by Bricklane Investment Services Ltd and remaining £3,625 was paid by Bricklane London REIT Plc.

12. Operating leases

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

	30 June 2021 £	30 June 2020 £
Expiring within one year	10,947	20,045
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 2021	30 June 2020
Profit and total comprehensive income for the year	£14,629	(£38,138)
Earnings per share	0.35p	(0.9p)
Weighted average number of ordinary shares in the year	4,208,124	4,298,762

14. Events after the reporting date

After the 30 June 2021 Bricklane London REIT Plc did not issue any further shares or purchased any shares as part of share buyback. Since year end, the Group has sold 2 properties for a total consideration of £1.025m.

15. Total adjusted profit to Shareholders

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 issued shares, the issue price used was calculated using net asset value and was adjusted for the amortisation of property acquisition costs. These acquisition costs were amortised over the first five years for each property from purchase. This practice was 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 bi-annually.

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 2021	Less than 1 year	Total
	£	£
Payables held at amortised cost	34,084	34,084
	34,084	**34,084**

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

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+.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue its operation whilst the assets are sold in order to maximise the return to shareholders.

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 £36,653 (2020: £37,692) was charged by Bricklane Investment Services Limited, a company under common control of two Directors. As at year end, the Company had an outstanding balance of £2,972 (2020: £2,988). During the year a payment of £22,800 (2020: £nil) was made by the Group on behalf of Bricklane Investment Services Limited, for audit services for the Group. As at year end this balance was outstanding and has since been repaid.