Company Registration No. 02101254

Unaudited financial statements for the year ended 31 December 2018

International Real Estate Limited

Company information

Directors:	Rolf C Nordström Rolf F Nordström Dominique L Sturgess
Secretary:	Dominique L Sturgess
Company number:	02101254
Registered office:	Classic House 365A Limpsfield Road Warlingham CR6 9HA

Contents

Directors' report
For the year ended 31 December 2018

The directors present their report and the unaudited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is an investment company.

Results and dividends

The results for the year are set out on page 6.

The directors have not recommended a dividend for the current period (2017: £nil).

Going concern

At the 31 December 2018 the Company has net current liabilities of £125,000. However, the major shareholder has pledged their continuing support for a minimum of 12 months from the date of issuing these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The directors who served the Company during the year unless otherwise stated were as follows:

Dominique L Sturgess
Rolf F Nordström
Rolf C Nordström

Financial instruments

Details of financial instruments and their associated risks are given in note 9.

Supplier payment policy

The Company's current policy concerning the payment of all its trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment; and
- pay in accordance with its contracted and other legal obligations.

Future prospects

As an investment company, the directors do not expect a significant change in the results of the Company going forward.

Approved by the Board on
and signed on its behalf by

DOMINIQUE L STURGESS

Director

Date: 30/9/19

Directors' responsibilities statement
For the year ended 31 December 2018

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards adopted by the EU.

UK company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that applicable International Financial Reporting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Chartered Accountants' Report to the Board of Directors on the preparation of the unaudited statutory financial statements of International Real Estate Limited
For the year ended 31 December 2018

In accordance with our engagement letter and in order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of the Company for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes from the Company's accounting records and from information and explanations you have given to us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/en/members/regulations-standards-and-guidance/.

Respective responsibilities of directors and accountants
You have acknowledged on the balance sheet for the period ended 31 December 2018 your duty to ensure that the Company has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the Company's assets, liabilities, financial position and profit. You consider that the Company is exempt from the statutory requirement for an audit for the year.

This report is made solely to the directors of International Real Estate Limited in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of the Company and state those matters that we have agreed to state to the directors in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept nor assume responsibility to anyone other than the Company and its directors for our work or for this report.

We have not been instructed to carry out an audit or review of the financial statements of International Real Estate Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Mazars LLP

Mazars LLP
Times House
Throwley Way
Sutton
SM1 4JQ

30/9/19.

Statement of comprehensive income
For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Revenue		-	31
Cost of sales		-	(13)
Gross profit		-	18
Administrative expenses	3	(124)	(166)
Fair value adjustment on investment property	8	75	-
(Loss)/profit from operations	4	(49)	(148)
Finance expense	6	(4)	(3)
(Loss)/profit before taxation		(53)	(151)
Taxation	7	-	-
(Loss)/profit for the financial year		(53)	(151)
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		(53)	(151)

Statement of financial position
As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Investment property	8	600	525
Current assets			
Trade and other receivables	10	8	1
Cash and cash equivalents		28	52
		36	53
Total assets		636	578
Current liabilities	11	(161)	(50)
Total liabilities		(161)	(50)
Net assets		475	528
Equity			
Share capital	12	12	12
Retained earnings		463	516
Total equity		475	528

Audit exemption statement

For the year ended 31 December 2018, the Company was entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006. No notice has been deposited with the Company under section 476 of the Companies Act 2006 requiring an audit to be carried out.

The directors acknowledge their responsibility for:

- ensuring the Company keeps accounting records in accordance with section 386 and 387 of the Companies Act 2006; and
- preparing statements which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit for that financial period in accordance with the requirements of sections 394 and 395 of the Companies act 2006.

The financial statements were approved by the Board of Directors and authorised for issue on and signed on their behalf:

Director DOMINIQUE L STURGESS

Date: 30/9/19

Statement of changes in equity
For the year 31 December 2018

	Share capital £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2017	12	667	679
Changes in equity for 2017			
Total comprehensive income for the year	-	(151)	(151)
Balance at 31 December 2017	12	516	528
Changes in equity for 2018			
Total comprehensive income for the year	-	(53)	(53)
Balance at 31 December 2018	12	463	475

Statement of cash flows
For the year 31 December 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Net cash from operating activities	**13**		(20)		(51)
Investing activities					
Interest received		-		-	
Net cash used in investing activities			-		-
Financing activities					
Interest paid		(4)		(3)	
Net cash used in financing activities			(4)		(3)
Net decrease in cash and cash equivalents			(24)		(54)
Cash and cash equivalents at beginning of year			52		106
Cash and cash equivalents at end of year			28		52

1 Accounting policies

a) General information

International Real Estate Limited is a Company incorporated and domiciled in the United Kingdom.

The address of the registered office in the United Kingdom is stated on the Company information page and the nature of the Company's operations and principal activities are stated in the Directors' Report.

b) Basis of accounting

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("IFRSs").

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas were significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

c) Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 January 2018

Amendments to IFRSs that are mandatorily effective for the current year

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from 1 January 2018 did not result in any adjustments to the amounts recognised in the financial statements. However, it did result in certain assets being recognised from loans and receivables to assets measured at amortised cost

The adoption of the following standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	EU effective date: Accounting periods beginning on or after
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Amendment to IFRS 2 *Share-based Payment*: Classification and measurement of share-based payment transactions	1 January 2018
Clarifications to IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Annual Improvements to IFRSs (2014 - 2016)	1 January 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018

Notes to the financial statements
For the year ended 31 December 2018

1 Accounting policies (continued)

c) Changes in accounting policies (continued)

ii) New standards, interpretations and amendments not yet effective

The adoption of the following standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

	EU effective date: Accounting periods beginning on or after
IFRS 9 *Financial Instruments*: Amendment in relation to prepayment features with negative compensation	1 January 2019
IFRS 9 *Leases*	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
IAS 19 *Employee Benefits*: Amendment in relation to plan amendment, curtailment or settlement	1 January 2019
Annual Improvements to IFRSs (2015 - 2017)	1 January 2019
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendment to IFRS 3 *Business Combinations*: Definition of a Business	1 January 2020
Conceptual Framework (Revised) and amendments to related references in IFRS Standards	1 January 2020

d) Basis of preparation

At the 31 December 2018 the Company has net current liabilities of £125,000. However, the major shareholder has pledged their continuing support for a minimum of 12 months from the date of issuing these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies (continued)

e) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duties. The following criteria must be met before income is recognised:

Rental income

Rental income arising from operating leases on properties owned by the Company is accounted for on a straight line basis over the period commencing on the later of the start of the lease or acquisition of the property by the Company, and ending on the earlier of the end of the lease and next break point, unless it is reasonably certain that the break option will not be exercised. Rental income revenue excludes service charges and other costs directly recoverable from tenants.

Interest income

Interest income is recognised using the effective interest method.

f) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position of the Company are expressed in Sterling, which is the functional and presentation currency of the Company's financial statements.

In preparing the financial statements, transactions in currencies other than the entity's functional and presentation currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. All translation differences are recognised in the Statement of Comprehensive Income as part of the finance cost.

1 Accounting policies (continued)

g) Taxation

The tax expense/credit represents the sum of tax currently payable/recoverable and deferred tax.

The tax credit is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

1 Accounting policies (continued)

h) Financial instruments

Financial assets

Financial assets comprise trade and other receivables (excluding prepaid commissions and prepaid expenses) and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument and are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and reward are transferred.

Financial assets are also derecognised (written-off) when the Company has no reasonable expectation of recovering the financial asset. Indicators of where there is no reasonable expectation of recovery include indicators of a customer's inability or losses arising in relation to contract disputes.

The Company classifies all of its financial assets as assets measured at amortised cost. Financial assets are measured at amortised cost when both of the following criteria are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest rate method.

At each reporting date the Company recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. In establishing the appropriate amount of loss allowance to be recognised, the Company applies the simplified approach to its financial assets. Under the simplified approach the Company always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses.

Financial liabilities

Financial liabilities include borrowings and trade and other payables (excluding deferred income).

Financial liabilities are obligations to pay cash or other financial assets and are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

1 Accounting policies (continued)

h) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as bank deposits, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

- Share capital represents the nominal value of equity shares that have been issued.
- Retained earnings include all current and prior period results as disclosed in the Statement of Comprehensive Income.

i) Investment property

Investment property, which is property held to earn rentals and/or capital appreciation, is stated at its fair value at the Statement of Financial Position date. Gains and losses arising from changes in the fair value of investment property are included in Statement of Comprehensive Income for the period in which they arise.

Additions and disposals are recognised on completion. Profits and losses arising on disposal are recognised through the Statement of Comprehensive Income and are determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions during the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are as follows:

Investment property valuation

The Company uses the valuations performed by its independent valuers or the directors as the fair value of its investment properties. The valuation is based upon assumptions including future rental income, anticipated maintenance costs and the appropriate discount rate. The valuer and/or directors also make reference to market evidence of transaction prices for similar properties.

Recognition of deferred tax assets

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

3 Administrative expenses

	2018 £'000	2017 £'000
Staff costs (note 5)	44	43
Legal and professional fees	8	7
Other admin expenses	70	20
Provision against receivables	-	95
Exchange loss/(gain)	2	1
	124	166

4 Loss from operations

Loss from operations has been arrived at after charging:	2018 £'000	2017 £'000
Staff costs (note 5)	44	43

5 Staff costs

The monthly average number of employees for the Company were:

	2018 Number	2017 Number
Executive directors	1	3
Administration staff	-	-
	1	3

The aggregate employee remuneration for the Company comprised:

	2018 £'000	2017 £'000
Wages and salaries	39	39
Social security costs	5	4
	44	43

The total amounts for the directors' remuneration was as follows:

	2018 £'000	2017 £'000
Executive directors		
Emoluments	44	43

The executive directors comprised key management personnel of the Company.

6 Finance expense

	2018 £'000	2017 £'000
Bank interest and charges	4	2
Interest payable on amounts due from related parties	-	1
	4	3

7 Tax

	2018 £'000	2017 £'000
Current tax charge	-	-
Deferred tax charge	-	-
Tax charge for the year	-	-

Corporation tax is calculated at 19% (2017: 19.25%) of the estimated assessable profit for the year.

The tax charge for the year can be reconciled to the loss before tax per the Statement of Comprehensive Income as follows:

	2018 £'000	2017 £'000
(Loss)/profit before tax	(53)	(151)
Tax on (loss)/profit at UK standard rate at 19% (2017: 19.25%)	(10)	(29)
Expenses not deductible for tax	-	3
Income not taxable for tax purposes	(7)	-
Utilisation of previously unrecognised tax losses	(7)	
Chargeable gains	7	-
Adjustment for prior period tax rates	2	-
Unutilised losses carried forward	15	26
Tax charge for the year	-	-

At the reporting date the Company has unrecognised deferred tax assets in respect of unutilised tax losses carried forward of £649,919 (2017: £634,197) due to the fact that the Company is unlikely to generate taxable income in the foreseeable future. Deferred tax assets are only recognised to the extent that they can be offset against deferred tax losses.

8 Investment property

	2018 £'000	2017 £'000
Fair value		
At 1 January	525	525
Net gain from fair value adjustment	75	-
At 31 December	600	525

The fair value of the Company's investment property has been assessed by the Directors. The fair value of these properties reflects, amongst other things, rental income from its leases and assumptions about future rental lease income on asset market conditions and anticipated plans for the property. All investment properties and properties held for resale represent freehold interests.

9 Financial instruments

The Company is exposed to various types of financial instrument risk. These risks, and the Company's policies for managing them which have been applied consistently throughout the year, are set out below.

Market risk

Foreign currency risk
The Company's functional and reporting currency is Sterling. The Company has no material exposure to foreign currency movements.

Interest rate risk
The policy of the Company is to ensure that all cash balances earn a market rate of interest and that interest rate exposures are regularly reviewed and managed.

Non-market risk

Liquidity risk
Bank relationships are maintained to ensure that sufficient cash and unutilised facilities are available to the Company.

The Company's cash is managed through electronic cash management systems with the Company's clearing bank to maximise interest earned on its balances. Similarly the Company's liquidity is managed through regularly updated twelve month cash flow forecasts.

Credit risk
Credit risk arises principally from the Company's trade receivables.

The Company's financial instruments are categorised as follows:

9 Financial instruments (continued)

Financial assets	Measured at amortised cost	
	2018	2017
	£'000	£'000
Trade and other receivables	8	1
Cash	28	52
	36	53

The carrying value of the Company's financial assets represents its maximum credit risk exposure at the Statement of Financial Position date.

Financial liabilities	Measured at amortised cost	
	2018	2017
	£'000	£'000
Amounts owed to group undertakings and related parties	143	40
Other financial liabilities	18	10
	161	50

10 Trade and other receivables

	2018 £'000	2017 £'000
Amounts falling due within one year		
Prepayments and accrued income	8	1
	8	1

The carrying amount above represents the Company's maximum exposure to credit risk.

11 Current liabilities

	2018 £'000	2017 £'000
Amounts owed to related parties (note 14)	143	40
Trade and other payables	-	1
Social security and other taxes	-	1
Accruals and deferred income	18	8
	161	50

12 Share capital

	2018	2017
Authorised		
30,000,000 Ordinary shares at 1p each	£30,000	£30,000
Issued and fully paid		
1,200,000 Ordinary shares at 1p each	£12,000	£12,000

13 Notes to the cash flow statement

	2018 £'000	2017 £'000
(Loss)/profit for the year	(53)	(151)
Adjustments for:		
Fair value adjustment to investment property	(75)	-
Finance expense	4	3
Operating cash flows before movements in working capitals	(124)	(148)
(Increase)/decrease in receivables	(7)	93
Increase in payables	111	4
Net cash outflow from operating activities	(20)	(51)

14 Related party transactions

At the year end the Company had the following loan balances with related parties. These are related parties by virtue of the fact they are controlled by the family of Rolf C Nordström and Rolf F Nordström.

The amounts payable as at 31 December 2018 are as follows:

	2018 £'000	2017 £'000
Controlco BV	143	40
	143	40

All transactions were made at arm's length.

The balance due to Controlco BV bears interest of 2.5% per annum and is repayable on demand.

15 Controlling party

The controlling party is Controlco BV, a company indirectly beneficially controlled by the family of Rolf C Nordström and Rolf F Nordström.