

Company Registration No. 1398153 (British Virgin Islands)

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

COMPANY INFORMATION

Directors	B Miguel D Palhares O Inacio	(Appointed 30 August 2021)
Company number	1398153 (BVI)	
Registered office	Trident Chambers PO Box 146 Road Town Tortola British Virgin Islands	
Auditor	Rickard Luckin Limited 1st Floor County House 100 New London Road Chelmsford Essex CM2 0RG	

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

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SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of property investment. The company's property is in Knightsbridge, London, United Kingdom.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B Miguel

D Palhares

J Baiao

O Inacio

(Resigned 30 August 2021)

(Appointed 30 August 2021)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. The company uses long term finance to fund the acquisition of the investment property and to ensure continuity of funding. The maturity of borrowings is set out in the notes to the financial statements. Liquid resources are deemed to be cash.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings. The principal credit risk arises, therefore, from trade debtors.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Review of the business

The company's primary objective is that of maximising asset value through enhancing the value of its investment property which is also rented out for the purpose of increasing the profit and loss reserves.

The main risks and uncertainty facing the company relate to property supply and demand in the Knightsbridge area of London and uncertainty relating to property values. Property values have been affected by uncertainty after the UK exited the European Union and because of the Covid-19 pandemic.

On 31st December 2021, the investment property was valued at £56.3m, an increase of £2.0m compared to the previous year's valuation. The value had reduced significantly as at 31st December 2020 largely as a result of Covid-19 pandemic related impacts.

The value of the Brompton Road investment is primarily moved by the retail element. The retail market in Knightsbridge is driven by the spending power of tourists and in particular wealthy tourists; as a result of Covid-19 and the almost total lack of overseas visitors the retail market collapsed and values have dropped. A retail unit becoming vacant in August 2021 has allowed full market testing with interest from coffee shops and fast food businesses rather than traditional retailers. Whilst values have not returned to pre-pandemic levels, there are signs of improvement which are expected to continue. There is also potential for growth in the value of office space in 2023 and 2024.

Further detail on the investment property valuation can be found in note 10 of the financial statements.

Covid-19

The Covid-19 pandemic continues to cause uncertainty.

The board has considered updated financial forecasts. Based upon the information available, the directors consider that, with the support of its shareholders, the company has sufficient liquidity to continue in business as a going concern for at least the next 12 months.

The company's sites and operations have been risk assessed and appropriate safety systems and measures have been put in place to ensure the continued safety of personnel during this time. The directors will review the situation periodically and adjust the company's response as appropriate to continue to maintain the safe operation of the business.

The Coronavirus Act 2020 has restricted the company's ability to enforce payment of rents by tenants from March 2020 until the end of March 2022. Whilst some tenants took advantage of this situation the general level of arrears is returning to pre-pandemic levels.

Auditor

In accordance with the company's articles, a resolution proposing that Rickard Luckin Limited be reappointed as auditor of the company will be put at a General Meeting.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements.

The directors prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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 of the profit or loss of the company for that period. In preparing these 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

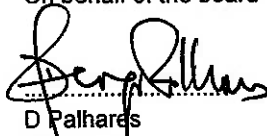
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The directors have prepared forecasts to 2026. The directors have also received a letter of support from Sonangol (HK) Limited, the company's immediate parent undertaking, stating that it does not intend to call for repayment of the loans for at least 12 months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore, continues to adopt the going concern basis in preparing the financial statements.

On behalf of the board



D Palhares

Director

Date: 03/03/22

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

Opinion

We have audited the financial statements of Solo Properties (Knightsbridge) Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

Conclusions relating to going concern

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

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

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

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 by the terms of our engagement to report that fact.

We have nothing to report in this regard.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report and 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.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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 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 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.

Capability of the audit in detecting irregularity, including fraud

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our: general commercial and sector experience; through verbal and written communications with those charged with governance and other management; and via inspection of the company's regulatory and legal correspondence.

We discussed with those charged with governance and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations to our team and remained alert to any indicators of non-compliance throughout the audit, we also specifically considered where and how fraud may occur within the company.

The potential effect of these laws and regulations on the financial statements varies considerably.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

Firstly, the company is subject to laws and regulations that directly affect the financial statements, including: the company's constitution, relevant financial reporting standards; UK tax legislation and distributable profits legislation and we assess the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for instance through the imposition of fines and penalties, or through losses arising from litigations. We identified the following areas as those most likely to have such an affect: health and safety legislation; legislation relevant to the property rental environment; data protection regulations; anti-bribery and anti-corruption legislation.

ISAs (UK) limit the required procedures to identify non-compliance with these laws and regulations to the procedures, and no procedures over and above those already noted are required. These limited procedures did not identify any actual or suspected non-compliance which laws and regulations that could have a material impact on the financial statements.

In relation to fraud, we performed the following specific procedures in addition to those already noted:

- Challenging assumptions made by management in its significant accounting estimates in particular: investment property valuation, recognition of a deferred tax asset and bad debts;
- Identifying and testing journal entries, in particular any entries posted with unusual nominal ledger account combinations, and journal entries crediting cash or any revenue account;
- Performing analytical procedures to identify unexpected movements in account balances which may be indicative of fraud;
- Ensuring that testing undertaken on both the performance statement, and the Balance Sheet includes a number of items selected on a random basis; and
- Discussions with management.

These procedures did not identify any actual or suspected fraudulent irregularity that could have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with ISAs (UK). For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures that we are required to undertake would identify it. In addition, as with any audit, there remains a high risk of non-detection of irregularities, as these might involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non-compliance with all laws and regulations or every incidence of fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. 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.

Rickard Luckin Limited

Date:

Statutory Auditor

1st Floor
County House
100 New London Road
Chelmsford
Essex
CM2 0RG

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	2,836,506	3,087,887
Cost of sales		(516,211)	(470,773)
Gross profit		2,320,295	2,617,114
Administrative expenses		(52,474)	(90,305)
Operating profit	4	2,267,821	2,526,809
Interest receivable and similar income	7	-	1,734
Interest payable and similar expenses	8	(2,722,943)	(2,733,459)
Fair value gains/(losses) on investment properties	10	2,000,000	(14,596,555)
Profit/(loss) before taxation		1,544,878	(14,801,471)
Tax on profit/(loss)	9	-	-
Profit/(loss) for the financial year		1,544,878	(14,801,471)

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

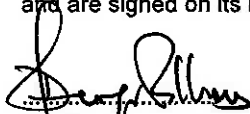
BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Investment properties	10	56,300,000		54,300,000	
Current assets					
Debtors	11	1,927,523		2,635,741	
Cash at bank and in hand		963,968		1,582,625	
		2,891,491		4,218,366	
Creditors: amounts falling due within one year	12	(26,667,927)		(27,539,680)	
Net current liabilities		(23,776,436)		(23,321,314)	
Total assets less current liabilities		32,523,564		30,978,686	
Creditors: amounts falling due after more than one year	13	(33,000,000)		(33,000,000)	
Provisions for liabilities					
Deferred tax liability	14	1,750		1,750	
			(1,750)		(1,750)
Net liabilities			(478,186)		(2,023,064)
Capital and reserves					
Called up share capital	15		115		115
Share premium account			9,999,935		9,999,935
Profit and loss reserves			(10,478,236)		(12,023,114)
Total equity			(478,186)		(2,023,064)

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

03/03/22


D Palhares
Director

Company Registration No. 1398153 (BVI)

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2020	115	9,999,935	2,778,357	12,778,407
Year ended 31 December 2020:				
Loss and total comprehensive loss for the year	-	-	(14,801,471)	(14,801,471)
Balance at 31 December 2020	115	9,999,935	(12,023,114)	(2,023,064)
Year ended 31 December 2021:				
Profit and total comprehensive loss for the year	-	-	1,544,878	1,544,878
Balance at 31 December 2021	115	9,999,935	(10,478,236)	(478,186)

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Solo Properties (Knightsbridge) Limited is a private company limited by shares incorporated in the British Virgin Islands. The registered office is Trident Chambers, PO Box 146, Road Town, Tortola, British Virgin Islands.

1.1 Accounting convention

The company is incorporated in the British Virgin Islands and is regulated by its Company Act's rules and regulations. However, the directors have instructed that the financial statements should be prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

As the company has publicly traded bonds on the Bermuda stock exchange, in accordance with paragraph 1.5 of FRS 102 it is required to follow IFRS 8 Operating Segments (as adopted by the UK). The directors have reviewed IFRS 8 and believe that the company only has a single operating segment, as all activities are located in the United Kingdom and derive from the rental of investment properties based in Knightsbridge. Information about major customers is disclosed in Note 3 to the financial statements.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment property. The principal accounting policies adopted are set out below.

1.2 Going concern

The company prepares its financial statements on a going concern basis.

At the year end the company had net liabilities of £478,186 (2020: £2,023,064). The directors of the company have prepared forecasts to 2026 showing the company expects to have sufficient resources to meet its obligations as they fall due. The directors have also received a letter of support from the company's immediate parent undertaking Sonangol (HK) Limited, stating that it does not intend to call for repayment of the loans for at least 12 months from the date of approval of these financial statements. They will also continue to provide financial support to the company to enable them to meet their liabilities as they fall due.

The directors have taken all the necessary measures to ensure the company has sufficient financial resources to continue to trade during and beyond this challenging period.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts charged to tenants for rental, service charge, insurance and other income during the year, exclusive of VAT. Rental income is recognised on the straight line basis over the term of the lease.

Lease incentives provided to tenants are recognised as a reduction in rental income, with the cost of these incentives being allocated on a straight line basis over the lease term.

1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit or loss.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Amounts held in agents' client accounts are shown within other debtors.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised. The company only has basic financial assets.

The company only has basic financial instruments.

Impairment of financial assets

Financial assets, other than those held at fair value through the profit and loss account, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Loan notes are carried at amortised cost, using the effective interest rate.

The company only has basic financial liabilities.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss 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 by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 profit or loss, 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 the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Valuation of investment property

The main judgement or estimate in the financial statements is in respect of the valuation of the investment property, which has been valued by an external valuer as at 31 December 2021. The valuation was conducted in accordance with the RICS Valuation - Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the Red Book) on the basis of fair value current as at the valuation date. The property value has been based on estimated rental values discounted at an equivalent investment yield to present value less expected purchasers costs. The valuer has made reference to market conditions and recent market activity as well as contracted future rent commitments in determining their valuation. The report did not include a material uncertainty disclaimer.

The Coronavirus Act 2020 has restricted the actions Landlords can take in relation to non-payment of rent until March 2022. Although this non-payment could adversely affect the valuation of the property, this would be expected to be a short-term issue only.

Bad debt provisions

Trade debtors are provided for when it is not probable they will be recovered. Due to some late payments and restrictions in the companies ability to recover debts at this time judgements have been made in this area.

3 Turnover and other revenue

All turnover is derived from UK property income.

The company has two customers which each represent more than 10% of the company's total turnover. The turnover attributable to them is £1,320,698 and £814,662 (2020: £1,322,210 and £807,877).

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	15,800	17,750

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Directors	3	3

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	12,000	-

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	-	1,734

8 Interest payable and similar expenses

	2021	2020
	£	£
Other finance costs:		
Interest payable on loan notes	2,722,500	2,729,959
Other finance costs	443	3,500
	<u>2,722,943</u>	<u>2,733,459</u>

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit/(loss) before taxation	1,544,878	(14,801,471)
Expected tax charge/(credit) based on the standard rate of UK Corporation Tax of 19.00% (2020: 19.00%)	293,527	(2,812,279)
Tax effect of expenses that are not deductible in determining taxable profit	137,625	2,774,342
Tax effect of income not taxable in determining taxable profit	-	(329)
Unutilised tax losses carried forward	-	38,266
Change in unrecognised deferred tax assets	650,049	-
Effect of change in corporation tax rate	(1,081,201)	-
Taxation charge for the year	-	-

The unrecognised deferred tax asset has been calculated using a corporation tax rate of 25% rate as this was the substantively enacted rate of corporation tax as at the balance sheet date.

10 Investment property

	2021 £
Fair value	
At 1 January 2021	54,300,000
Net gains through fair value adjustments	2,000,000
At 31 December 2021	56,300,000

The investment property was valued by an external independent qualified valuer at £56,300,000 as at 31 December 2021 (2020: £54,300,000). The valuation was conducted in accordance with the RICS Valuation - Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the Red Book) on the basis of fair value current as at the valuation date. The property value has been based on estimated rental values discounted at an equivalent investment yield to present value less expected purchasers costs. The valuer has made reference to market conditions and recent market activity as well as contracted future rent commitments in determining their valuation. The property report did not include a material uncertainty disclaimer.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	437,625	1,127,106
Unpaid share capital	50	50
Other debtors	389,599	239,820
Prepayments and accrued income	1,100,249	1,268,765
	<u>1,927,523</u>	<u>2,635,741</u>

12 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Loans from related parties	17	24,415,445	25,265,445
Trade creditors		50,012	19,966
Other taxation and social security		185,805	286,018
Accruals and deferred income		2,016,665	1,968,251
		<u>26,667,927</u>	<u>27,539,680</u>

13 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Loan notes	17	<u>33,000,000</u>	<u>33,000,000</u>

The loan notes are unsecured and are due to be repaid in full in 2040. Interest is due on the loan notes at a rate of 8.25% per annum.

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	<u>33,000,000</u>	<u>33,000,000</u>
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14 Deferred taxation

The following are the deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Increase in value of residential freehold (2017)	<u>1,750</u>	<u>1,750</u>

There were no deferred tax movements in the year.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Deferred taxation

(Continued)

As at 31 December 2021, the company had unrecognised deferred tax assets totaling £955,055 (2020: £873,878) relating to tax losses carried forward of £3,820,019 (2020: £4,599,359).

In addition, the company also had unrecognised deferred tax assets totaling £3,550,000 (2020: £3,078,000) relating to the revaluation in commercial property. This is due to the fact that, since April 2019, the disposal of UK commercial property interests by non-resident persons is within the scope of UK corporation tax. Broadly, Solo Properties (Knightsbridge) Limited will be subject to UK corporation tax on any increase in value of the commercial part of the property from April 2019.

Since April 2015, the disposal of UK residential property interests by non-resident person is within the scope of UK capital gains tax. Broadly, Solo Properties (Knightsbridge) Limited will be subject to UK capital gains tax on any increase in value of the residential part of the property from April 2015. Therefore there is a deferred tax liability of £1,750 (2020: £1,750) relating to a total increase in the value in residential property as at the year end of £8,750 (2020: £8,750).

15 Share capital

	2021	2020
	£	£
Ordinary share capital		
Alloted, called up and fully paid		
200 Ordinary shares of \$1 each	115	115
	<u>115</u>	<u>115</u>

16 Operating Lease Contractual Revenue Lease Commitments

Lessor

The operating leases represent leases of various units to third parties. The leases are negotiated over terms of 3-11 years and rentals are fixed. Longer leases include a provision for five-yearly upward rent reviews according to prevailing market conditions. There are no options to purchase at the end of the lease.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Operating Lease Contractual Revenue Lease Commitments

(Continued)

At the reporting end date the company had contracted with tenants for the following minimum operating lease contractual revenue lease payments:

	2021 £	2020 £
Within one year	2,691,703	2,861,703
Between two and five years	9,302,731	9,641,862
In over five years	1,848,710	3,273,782
	<u>13,843,144</u>	<u>15,777,347</u>

17 Related party transactions

The company has in issue £33,000,000 of Loan Notes repayable in 2040 (2020: £33,000,000). These loan notes, which are listed on the Bermudan Stock Exchange, are held by Sonangol (HK) Limited, the immediate parent company. Interest of £2,722,500 (2020: £2,729,959) was charged on these loan notes during the year of which £454,993 (2020: £454,993) remained unpaid at the year end.

The company has an interest free loan of £23,134,594 (2020: £23,984,594) from Sonangol (HK) limited, the immediate parent company. The interest free loan is repayable on demand. A further amount of £1,280,851 (2020: £1,280,851) relating to unpaid interest on a previous loan assigned to the immediate parent company, Sonangol (HK) Limited, has been included in the other loans balance within creditors. This loan is repayable on demand.

Sociedade Nacional De Combustiveis De Angola Limited, another group company, holds a five year lease relating to the third floor of the investment property. Turnover for the year includes rental income of £161,885 (2020: £166,826), service charge income of £62,458 (2020: £58,872) and insurance income of £3,197 (2020: £3,877) relating to this lease.

18 Ultimate controlling party

For this and the preceding year the immediate parent undertaking of this company is Sonangol (HK) Limited, a company registered in Hong Kong, on the basis that it owns 100% of the issued share capital. It's registered office address is Sonangol (HK) Limited, 2003, 20F Tower 5 China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

For this and the preceding year the ultimate parent undertaking and controlling related party of this company is Sociedade Nacional De Combustiveis De Angola EP, a company registered in Angola. The ultimate parent is also the smallest and largest group in which the results of the company are consolidated.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020
	£	£	£	£
Turnover				
Rental income		2,499,867		2,737,651
Service charge income		236,648		236,684
Insurance income		39,007		50,751
Tenant contributions amortised		60,984		62,801
		<u>2,836,506</u>		<u>3,087,887</u>
Cost of sales				
Service charge payable	257,055		240,825	
Rates	87,413		-	
Premises insurance	42,160		53,983	
Legal and professional fees	1,800		12,701	
Bad and doubtful debts	-		38,500	
Advertising and marketing	300		-	
Transaction fees amortised	24,714		24,782	
Agents and legal fees on new lettings	7,496		18,508	
Asset Management fees	95,273		81,474	
		<u>(516,211)</u>		<u>(470,773)</u>
Gross profit	81.80%	<u>2,320,295</u>	84.75%	<u>2,617,114</u>
Administrative expenses				
Directors' remuneration	12,000		-	
Legal and professional fees	8,500		53,361	
Accountancy	11,120		7,021	
Non audit remuneration paid to auditors	4,700		10,875	
Audit fees	15,800		17,750	
Bank charges	354		1,298	
		<u>(52,474)</u>		<u>(90,305)</u>
Operating profit		<u>2,267,821</u>		<u>2,526,809</u>
Interest receivable and similar income				
Bank interest received	-		1,734	
				<u>1,734</u>
Interest payable and similar expenses				
Loan note interest	2,722,500		2,729,959	
Loan note administration fees	443		3,500	
		<u>(2,722,943)</u>		<u>(2,733,459)</u>
Other gains and losses				
Increase or decrease in fair value of investment property		2,000,000		(14,596,555)
Profit/(loss) before taxation	54.46%	<u>1,544,878</u>	479.34%	<u>(14,801,471)</u>