

Company Registration No. 1398153 (BVI) (British Virgin Islands)

**SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

COMPANY INFORMATION

Directors	L Cathan J Quaiocoe T Gulam
Secretary	GWCM Managers Limited
Company number	1398153 (BVI)
Registered office	Trident Chambers PO Box 146 Road Town Tortola British Virgin Islands
Auditor	Rickard Luckin Limited Aquila House Waterloo Lane Chelmsford Essex CM1 1BN

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

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SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Principal activities

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

Fair review of the business

The company's primary objective is that of maximising asset value through increasing the value of its investment property which is also rented out for the purpose of increasing retained earnings.

This year the investment property has been valued at just over £70m, a decrease of £4m compared to the previous year's valuation

The company's directors deem that rental yields and the investment property valuation are meaningful financial key performance indicators in understanding the development, performance or position of the company's activities.

Further detail on the investment property valuation can be found in note 9 of the financial statements.

The company's directors are of the opinion that there are no meaningful non-financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the company's activities.

Principal risks and uncertainties

The key risks and uncertainty facing the company include factors relating to supply and demand in the Knightsbridge area of London and the uncertainty relating to property values after the UK has left the European Union.

The company uses various financial instruments including cash, trade debtors, loans, trade creditors and amounts due to group undertakings. The main purpose of these is to raise finance for the company's operations. The existence of these financial instruments expose the company to a number of principal risks and uncertainties which are detailed in the directors' report.

By order of the board



.....
GWCM Managers Limited
Secretary
.....

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Directors

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

L Cathan
J Quaicoe
T Gulam

Results and dividends

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

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.

Auditor

Rickard Luckin was appointed as auditor during the year. Rickard Luckin will be proposed for reappointment.

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.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 of the company have prepared forecasts to 2025. 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. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

By order of the board



.....
GWCM Managers Limited

Secretary

Date:

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 2018 which comprise the profit and loss account, 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 2018 and of its loss 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 have agreed to report by exception

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 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

Statutory Auditor

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Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Notes	£	£
Turnover	3	3,314,593	2,693,494
Cost of sales		(446,380)	(500,164)
Gross profit		<u>2,868,213</u>	<u>2,193,330</u>
Administrative expenses		(104,938)	(95,059)
Exceptional item	4	(1,150,000)	-
Operating profit	5	<u>1,613,275</u>	<u>2,098,271</u>
Interest receivable and similar income	7	1,886	2,264
Interest payable and similar expenses	8	(2,723,093)	(2,723,648)
(Decrease)/increase in fair value of investment property	9	(3,962,701)	5,577,767
(Loss)/profit before taxation		<u>(5,070,633)</u>	<u>4,954,654</u>
Tax on (loss)/profit	9	-	(1,148)
(Loss)/profit for the financial year		<u><u>(5,070,633)</u></u>	<u><u>4,953,506</u></u>

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Investment properties	10		70,100,000		74,000,000
Current assets					
Debtors	12	1,857,700		810,876	
Cash at bank and in hand		1,092,152		1,611,967	
		<u>2,949,852</u>		<u>2,422,843</u>	
Creditors: amounts falling due within one year	13	<u>(26,111,576)</u>		<u>(24,413,934)</u>	
Net current liabilities			<u>(23,161,724)</u>		<u>(21,991,091)</u>
Total assets less current liabilities			46,938,276		52,008,909
Creditors: amounts falling due after more than one year	14		(33,000,000)		(33,000,000)
Provisions for liabilities	15		(1,750)		(1,750)
Net assets			<u>13,936,526</u>		<u>19,007,159</u>
Capital and reserves					
Called up share capital	17		115		115
Share premium account			9,999,935		9,999,935
Profit and loss reserves			3,936,476		9,007,109
Total equity			<u>13,936,526</u>		<u>19,007,159</u>

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


.....
L Cathan
Director

Company Registration No. 1398153 (BVI)

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2017	115	9,999,935	4,053,603	14,053,653
Year ended 31 December 2017:				
Profit and total comprehensive income for the year	-	-	4,953,506	4,953,506
Balance at 31 December 2017	115	9,999,935	9,007,109	19,007,159
Year ended 31 December 2018:				
Loss and total comprehensive income for the year	-	-	(5,070,633)	(5,070,633)
Balance at 31 December 2018	115	9,999,935	3,936,476	13,936,526

The profit and loss account balance of £3,936,476 (2017: £9,007,109) includes non-distributable reserves of £11,002,581 (2017: £14,961,837).

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	20	891,654		2,096,093	
Interest paid		(593)		(2,723,648)	
Net cash inflow/(outflow) from operating activities		891,061		(627,555)	
Investing activities					
Additions to investment property		(62,701)		(121,561)	
Interest received		1,886		2,264	
Net cash used in investing activities		(60,815)		(119,297)	
Financing activities					
Proceeds from borrowings		1,372,439		1,186,219	
Repayment of borrowings		(2,722,500)		-	
Net cash (used in)/generated from financing activities		(1,350,061)		1,186,219	
Net (decrease)/increase in cash and cash equivalents		(519,815)		439,367	
Cash and cash equivalents at beginning of year		1,611,967		1,172,600	
Cash and cash equivalents at end of year		1,092,152		1,611,967	

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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").

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 directors of the company have prepared forecasts to 2025. 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. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis 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 and loss account.

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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.

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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.

The company only has basic financial liabilities.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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 and loss account 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 and loss account, 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.

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.

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 (CBRE) as at 31 December 2018. The valuation was conducted in accordance with the Practice Statements contained within the RICS valuation Professional Standards Global and UK Edition 2014, prepared by the Royal Institution of Chartered Surveyors, on the basis of fair value.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue

All turnover is derived from UK property income.

4 Exceptional costs/(income)

	2018 £	2017 £
Exceptional item	1,150,000	-

During the year the company paid a lease surrender premium of £1,150,000 relating to the lease surrender of a ground floor unit at the property on Brompton Road.

5 Operating profit

	2018 £	2017 £
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	12,500	20,000

6 Employees

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

	2018 Number	2017 Number
Directors	3	3

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	1,886	2,264

8 Interest payable and similar expenses

	2018 £	2017 £
Other finance costs:		
Finance costs for financial instruments measured at fair value through profit or loss	2,722,500	2,722,500
Loan note admin costs	593	1,148
	2,723,093	2,723,648

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation

	2018 £	2017 £
Deferred tax		
Origination and reversal of timing differences	-	1,148

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

	2018 £	2017 £
(Loss)/profit before taxation	(5,070,633)	4,954,654
Expected tax (credit)/charge based on the standard rate of UK Income Tax of 20.00% (2017: 20.00%)	(1,014,127)	990,931
Tax effect of expenses that are not deductible in determining taxable profit	1,023,580	12,705
Tax effect of income not taxable in determining taxable profit	(377)	(1,116,715)
Tax effect of utilisation of tax losses not previously recognised	(9,076)	-
Unutilised tax losses carried forward	-	114,227
Taxation charge for the year	-	1,148

10 Investment property

	2018 £
Fair value	
At 1 January 2018	74,000,000
Additions at cost	62,701
Net gains or losses through fair value adjustments	(3,962,701)
At 31 December 2018	70,100,000

The investment property was valued by an external independent qualified valuer at £70,100,000 as at 31 December 2018 (2017: £74,000,000). The valuation was conducted in accordance with the Practice Statements contained within the RICS valuation Professional Standards Global and UK Edition 2014, prepared by the Royal Institution of Chartered Surveyors, on the basis of fair value.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11	Financial instruments		2018	2017
			£	£
	Carrying amount of financial assets			
	Debt instruments measured at amortised cost		1,790,496	713,535
			<u> </u>	<u> </u>
	Carrying amount of financial liabilities			
	Measured at amortised cost		58,930,963	57,287,613
			<u> </u>	<u> </u>
12	Debtors		2018	2017
			£	£
	Amounts falling due within one year:			
	Trade debtors		90,221	92,704
	Unpaid share capital		50	50
	Other debtors		459,175	55,004
	Prepayments and accrued income		1,308,254	663,118
			<u> </u>	<u> </u>
			1,857,700	810,876
			<u> </u>	<u> </u>
13	Creditors: amounts falling due within one year		2018	2017
		Notes	£	£
	Loans from related parties		24,173,007	22,800,568
	Trade creditors		5,198	76,205
	Other taxation and social security		180,614	126,321
	Accruals and deferred income		1,752,757	1,410,840
			<u> </u>	<u> </u>
			26,111,576	24,413,934
			<u> </u>	<u> </u>
14	Creditors: amounts falling due after more than one year		2018	2017
		Notes	£	£
	Loan notes		33,000,000	33,000,000
			<u> </u>	<u> </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		33,000,000	33,000,000
			<u> </u>	<u> </u>

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

15 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	16	1,750	1,750

16 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Increase in value of residential freehold (2017)	1,750	1,750

There were no deferred tax movements in the year.

As at 31 December 2018, the company had unrecognised deferred tax assets totalling £968,830 (2017: £977,842). These comprised of tax losses carried forward of £4,844,150 (2017: £4,889,211).

There is no deferred tax liability on revaluation gains on investment properties on the basis that the gain on disposal should be outside the scope of UK capital gains tax. However, part of the property is residential. 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.

A gross deferred tax liability of £8,750 (2017: £8,750) relates to an increase in the value in residential freehold property in 2017 and the deferred tax liability at 20% is £1,750 (2017: £1,750).

17 Share capital

	2018 £	2017 £
Ordinary share capital		
Alloted, called up and fully paid		
200 Ordinary shares of \$1 each	115	115
	<u>115</u>	<u>115</u>

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

18 Related party transactions

The company has in issue £33,000,000 of Loan Notes repayable in 2040 (2017: £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 (2017: £2,722,500) was charged on these loan notes during the year of which £454,993 (2017: £454,993) remained unpaid at the year end.

The company has an interest free loan of £22,892,156 (2017: £21,519,717) from Sonangol (HK) limited, the immediate parent company. The interest free loan is repayable on demand. A further amount of £1,280,851 (2017: £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 two parts of the third floor of the investment property. Turnover for the year includes rental income of £181,829 (2017: £181,829), service charge income of £64,716 (2017: £45,744) and insurance income of £2,857 (2017: £2,858) relating to this lease. Included within accruals and deferred income is a balance of £53,328 (2017: £53,328) for deferred rental income relating to this lease and a balance of £13,875 (2017: £8,879) for deferred service charge income relating to this lease. Included within prepayments and accrued income is a balance of £24,805 (2017: £74,276) in relation to the lease incentive receivable under this lease.

During the year, the company was charged legal and professional fees of £44,623 (2017: £32,266) by Geneva Wealth Capital Management, a company in the same group as the Company Secretary, GWCM Managers Limited, of which £nil (2017: £nil) was outstanding at the year end.

During the year, the company was charged fees of £7,830 (2017: £4,158) by Mr J Quaicoe, a director of the company, of which £nil (2017: £nil) was outstanding at the year end.

During the year, the company was charged fees of £3,984 (2017: £nil) by Mr T Gulam, a director of the company, of which £nil (2017: £nil) was outstanding at the year end.

During the year, the company was charged fees of £3,984 (2017: £4,095) by Mr D Gaskell, a former director of the company, of which £nil (2017: £nil) was outstanding at the year end.

19 Controlling party

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 issue share capital. Its registered office address is Sonangol (HK) Limited, 2003, 20F Tower 5 China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The ultimate parent undertaking and controlling related party of this company is Sociedade Nacional De Combustiveis De Angola EP, a company registered in Angola.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Cash generated from operations

	2018	2017
	£	£
(Loss)/profit for the year after tax	(5,070,633)	4,953,506
Adjustments for:		
Taxation charged	-	1,148
Finance costs	2,723,093	2,723,648
Investment income	(1,886)	(2,264)
Amounts written off investments	3,962,701	(5,577,767)
Movements in working capital:		
(Increase) in debtors	(1,046,824)	(99,485)
Increase in creditors	325,203	97,307
Cash generated from operations	<u>891,654</u>	<u>2,096,093</u>

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2018

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018		2017
	£	£	£	£
Turnover				
Rental income		2,929,865		2,486,021
Service charge income		307,219		181,537
Insurance income		22,039		24,186
Tenant contributions amortised		55,470		-
Other income		-		1,750
		<u>3,314,593</u>		<u>2,693,494</u>
Cost of sales				
Service charge payable	312,737		210,131	
Rates	(13,610)		69,899	
Premises insurance	32,071		26,564	
Transaction fees amortised	22,479		11,955	
Agents letting fees	16,708		106,831	
Asset Management fees	75,995		74,784	
		<u>(446,380)</u>		<u>(500,164)</u>
Gross profit	86.53%	2,868,213	81.43%	2,193,330
Administrative expenses		(104,938)		(95,059)
Exceptional items				
Lease surrender premium	(1,150,000)		-	
		<u>-</u>		<u>-</u>
Operating profit		1,613,275		2,098,271
Investment revenues				
Bank interest received	1,886		2,264	
		<u>1,886</u>		<u>2,264</u>
Interest payable and similar expenses				
Interest payable	593		2,723,648	
	2,722,500		<u>-</u>	
		<u>(2,723,093)</u>		<u>(2,723,648)</u>
Other gains and losses				
Increase or decrease in fair value of investment property		(3,962,701)		5,577,767
(Loss)/profit before taxation	152.98%	<u>(5,070,633)</u>	183.95%	<u>4,954,654</u>

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£	£
Administrative expenses		
Legal and professional fees	63,837	63,844
Accountancy	18,854	6,390
Non audit remuneration paid to auditors	2,000	-
Audit fees	12,500	22,238
Tax compliance fees	1,010	-
Bank charges	6,736	2,587
Sundry expenses	1	-
	<hr/>	<hr/>
	104,938	95,059
	<hr/> <hr/>	<hr/> <hr/>
