

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

**SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

iRickardLuckin

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

COMPANY INFORMATION

Directors	BA G Miguel D Palhares JM N M Balao	(Appointed 19 March 2020) (Appointed 19 March 2020) (Appointed 19 March 2020)
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 2019

The directors present the strategic report for the year ended 31 December 2019.

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 under £69m, a decrease of £1.2m 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 10 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.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The key risks and uncertainty facing the company include factors relating to property 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.

COVID-19

The impact on the company arising from the uncertainty of the recent COVID-19 outbreak has been considered by the directors.

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

The directors have reviewed the assets of the business and do not believe there to be any impairments arising as a result of the pandemic.

All of 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 for our staff during this time. The directors will review this situation periodically and adjust the company's response as appropriate to continue to maintain the safe operation of the company.

The short and long-term effect of Coronavirus on the property investment is difficult to assess at present leading to a significant level of uncertainty.

The Coronavirus Act 2020 restricted the Landlord's ability to enforce payment of rents for 90 days from March 2020, this was extended to 189 days until the end of September 2020.

A number of businesses have taken advantage of this relaxation either due to necessity (not trading) or taking a business view that the company will hold onto its money. However, the lease payments are due and Solo is working to develop proposals to respond to these unprecedented times.

On behalf of the board



D Palhares
Director

16/09/20

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

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	(Resigned 19 March 2020)
J Quaiçoe	(Resigned 19 March 2020)
T Gulam	(Resigned 19 March 2020)
BA G Miguel	(Appointed 19 March 2020)
D Palhares	(Appointed 19 March 2020)
JM N M Baião	(Appointed 19 March 2020)

Results and dividends

The results for the year are set out on page 7.

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

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 2019

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.

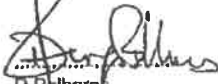
Statement of disclosure to auditor

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 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.

On behalf of the board


.....
D P Thares
Director
Date: 16/09/20

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 2019 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 2019 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.

Material uncertainty relating to going concern

We draw attention to the Strategic Report and note 1.2 in the financial statements which states how the company has been affected by the COVID-19 pandemic. Specifically, as a result of the Coronavirus Act 2020 which restricts the action Landlords can take for non-payment of rent, the company has been unable to chase its debts due. In addition to this, due to the uncertainty regarding the future of the rental market, the impact on the valuation of the investment property is unknown. These conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Rickard Luckin Limited

Statutory Auditor

18/09/20

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	3,225,616	3,314,593
Cost of sales		(380,609)	(446,380)
Gross profit		2,845,007	2,868,213
Administrative expenses		(79,329)	(104,938)
Exceptional item	4	-	(1,150,000)
Operating profit	5	2,765,678	1,613,275
Interest receivable and similar income	7	7,209	1,886
Interest payable and similar expenses	8	(2,729,018)	(2,723,093)
(Decrease)/increase in fair value of investment property	10	(1,201,988)	(3,962,701)
Loss before taxation		(1,158,119)	(5,070,633)
Tax on loss	9	-	-
Loss for the financial year		(1,158,119)	(5,070,633)

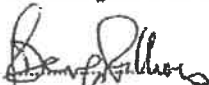
SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Investment properties	10	68,900,000		70,100,000	
Current assets					
Debtors	11	1,631,552		1,857,700	
Cash at bank and in hand		1,258,417		1,092,152	
		<u>2,889,969</u>		<u>2,949,852</u>	
Creditors: amounts falling due within one year	12	<u>(26,009,812)</u>		<u>(26,111,576)</u>	
Net current liabilities			<u>(23,119,843)</u>		<u>(23,161,724)</u>
Total assets less current liabilities			45,780,157		46,938,276
Creditors: amounts falling due after more than one year	13		<u>(33,000,000)</u>		<u>(33,000,000)</u>
Provisions for liabilities	14		<u>(1,750)</u>		<u>(1,750)</u>
Net assets			<u>12,778,407</u>		<u>13,936,626</u>
Capital and reserves					
Called up share capital	16		115		115
Share premium account			9,999,935		9,999,935
Profit and loss reserves			2,778,357		3,936,476
Total equity			<u>12,778,407</u>		<u>13,936,526</u>

The financial statements were approved by the board of directors and authorised for issue on 16/09/20 and are signed on its behalf by:


D. Palhares
Director

Company Registration No. 1398153 (BVI)

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2018	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
Year ended 31 December 2019: Loss and total comprehensive income for the year	-	-	(1,158,119)	(1,158,119)
Balance at 31 December 2019	115	9,999,935	2,778,357	12,778,407

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	19	2,890,062		891,654	
Interest paid		(6,518)		(593)	
Net cash inflow from operating activities		2,883,544		891,061	
Investing activities					
Additions to investment property		(1,988)		(62,701)	
Interest received		7,209		1,886	
Net cash generated from/(used in) investing activities		5,221		(60,815)	
Financing activities					
Proceeds from borrowings		-		1,372,439	
Loan note interest		(2,722,500)		(2,722,500)	
Net cash used in financing activities		(2,722,500)		(1,350,061)	
Net increase/(decrease) in cash and cash equivalents		166,265		(519,815)	
Cash and cash equivalents at beginning of year		1,092,152		1,611,967	
Cash and cash equivalents at end of year		1,258,417		1,092,152	

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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. They will also continue to provide financial support to the company to enable them to meet their liabilities as they fall due.

After the year end, the trade and operations of the company have been impacted by the restrictions in force across the UK and the rest of the world due to the COVID-19 pandemic. 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 including taking advantage of government schemes where appropriate.

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 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.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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 2019. The valuation was conducted in accordance with the RICS Valuation - Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (the Red Book) on the basis of fair value.

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

3 Turnover and other revenue

All turnover is derived from UK property income.

4 Exceptional costs/(income)

	2019	2018
	£	£
Exceptional item	-	1,150,000

During the previous 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.

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5	Operating profit	2019	2018
		£	£
	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	15,000	12,500
6	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2019	2018
		Number	Number
	Directors	3	3
7	Interest receivable and similar income	2019	2018
		£	£
	Interest income		
	Interest on bank deposits	7,209	1,886
8	Interest payable and similar expenses	2019	2018
		£	£
	Other finance costs:		
	Finance costs for financial instruments measured at fair value through profit or loss	2,722,500	2,722,500
	Other finance costs	6,518	593
		2,729,018	2,723,093

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Taxation

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

	2019 £	2018 £
Loss before taxation	(1,158,119)	(5,070,633)
Expected tax credit based on the standard rate of UK Income Tax of 20.00% (2018: 20.00%)	(231,624)	(1,014,127)
Tax effect of expenses that are not deductible in determining taxable profit	241,896	1,023,580
Tax effect of income not taxable in determining taxable profit	(1,442)	(377)
Tax effect of utilisation of tax losses not previously recognised	(8,830)	(9,076)
Taxation charge for the year	-	-

10 Investment property

	2019 £
Fair value	
At 1 January 2019	70,100,000
Additions at cost	1,988
Net gains or losses through fair value adjustments	(1,201,988)
At 31 December 2019	68,900,000

The investment property was valued by an external independent qualified valuer at £68,900,000 as at 31 December 2019 (2018: £70,100,000). The valuation was conducted in accordance with the RICS Valuation - Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 (the Red Book) on the basis of fair value.

11 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	94,972	90,221
Unpaid share capital	50	50
Other debtors	336,106	459,175
Prepayments and accrued income	1,200,424	1,308,254
	1,631,552	1,857,700

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Loans from related parties		24,173,007	24,173,007
Trade creditors		821	5,198
Other taxation and social security		108,741	180,614
Accruals and deferred income		1,727,243	1,752,757
		<u>26,009,812</u>	<u>26,111,576</u>

13 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Loan notes		33,000,000	33,000,000

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
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14 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	15	1,750	1,750

15 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Increase in value of residential freehold (2017)	1,750	1,750

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 2019

15 Deferred taxation

(Continued)

As at 31 December 2019, the company had unrecognised deferred tax assets totalling £959,999 (2018: £968,830) relating to tax losses carried forward of £4,799,997 (2018: £4,844,150).

In addition, the company also had unrecognised deferred tax assets totalling £272,000 (2018: £nil) relating to a decrease in value in commercial property in 2019 of £1,600,000 (2018: £nil). 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 (2018: £1,750) relating to an increase in the value in residential property in 2017 of £8,750 (2018: £nil).

16 Share capital

	2019	2018
	£	£
Ordinary share capital		
Allotted, called up and fully paid		
200 Ordinary shares of \$1 each	115	115
	115	115

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Related party transactions

The company has in issue £33,000,000 of Loan Notes repayable in 2040 (2018: £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 (2018: £2,722,500) was charged on these loan notes during the year of which £454,993 (2018: £454,993) remained unpaid at the year end.

The company has an interest free loan of £22,892,156 (2018: £22,892,156) from Sonangol (HK) limited, the immediate parent company. The interest free loan is repayable on demand. A further amount of £1,280,851 (2018: £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 Combustíveis 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 £170,806 (2018: £181,829), service charge income of £61,164 (2018: £64,716) and insurance income of £3,555 (2018: £2,857) relating to this lease. Included within accruals and deferred income is a balance of £nil (2018: £53,328) for deferred rental income relating to this lease and a balance of £12,693 (2018: £13,875) for deferred service charge income relating to this lease. Included within prepayments and accrued income is a balance of £83,825 (2018: £24,805) in relation to the lease incentive receivable under this lease.

During the year, the company was charged legal and professional fees of £29,512 (2018: £44,623) by Geneva Wealth Capital Management, a company with common directorship and in the same group as the previous Company Secretary, GWCM Managers Limited.

During the year, the company was charged fees of £3,925 (2018: £7,830) by Mr J Quaicoe, a former director of the company.

During the year, the company was charged fees of £nil (2018: £3,984) by Mr T Gulam, a former director of the company.

18 Ultimate 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 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.

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

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Cash generated from operations	2019	2018
	£	£
Loss for the year after tax	(1,158,119)	(5,070,633)
Adjustments for:		
Finance costs	2,729,018	2,723,093
Investment income	(7,209)	(1,886)
Amounts written off investments	1,201,988	3,962,701
Movements in working capital:		
Decrease/(increase) in debtors	226,148	(1,048,824)
(Decrease)/increase in creditors	(101,764)	325,203
Cash generated from operations	2,890,062	891,654
20 Analysis of changes in net debt		2019
		£
Opening net funds/(debt)		
Cash at bank and in hand		1,092,152
Borrowings excluding overdrafts		(57,173,007)
		(56,080,855)
Changes in net debt arising from:		
Cash flows of the entity		2,888,765
Interest paid		(2,722,500)
Closing net funds/(debt) as analysed below		(55,914,590)
Closing net funds/(debt)		
Cash at bank and in hand		1,258,417
Borrowings excluding overdrafts		(57,173,007)
		(55,914,590)

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

SOLO PROPERTIES (KNIGHTSBRIDGE) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019		2018	
	£	£	£	£
Turnover				
Rental income		2,819,968		2,929,865
Service charge income		205,286		307,219
Insurance income		39,379		22,039
Tenant contributions amortised		60,983		55,470
		<u>3,225,616</u>		<u>3,314,593</u>
Cost of sales				
Service charge payable	205,286		312,737	
Rates	-		(13,610)	
Premises insurance	43,281		32,071	
Legal and professional fees	2,500		-	
Transaction fees amortised	24,714		22,479	
Agents letting fees	16,765		16,708	
Asset Management fees	88,063		75,995	
		<u>(380,609)</u>		<u>(446,380)</u>
Gross profit	88.20%	2,845,007	86.53%	2,868,213
Administrative expenses				
Legal and professional fees	48,634		63,837	
Accountancy	12,185		18,854	
Non audit remuneration paid to auditors	1,500		2,000	
Audit fees	15,000		12,500	
Tax compliance fees	-		1,010	
Bank charges	2,010		6,737	
		<u>(79,329)</u>		<u>(104,938)</u>
Exceptional items				
Lease surrender premium	-		(1,150,000)	
		<u>-</u>	<u>(1,150,000)</u>	
Operating profit		2,765,678		1,613,275
Interest receivable and similar income				
Bank interest received	7,209		1,886	
		<u>7,209</u>		<u>1,886</u>
Interest payable and similar expenses				
Interest payable	-		593	
Loan note interest	2,722,500		2,722,500	
Loan note administration fees	6,518		-	
		<u>(2,729,018)</u>		<u>(2,723,093)</u>
Other gains and losses				
Increase or decrease in fair value of investment property		(1,201,988)		(3,962,701)
Loss before taxation	35.90%	(1,158,119)	152.98%	(5,070,633)

