

**DUKEMOUNT CAPITAL PLC**

**REGISTERED NUMBER 07611240**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 APRIL 2020**

	Page
<b>Company Information</b>	2
<b>Chairman's Statement</b>	3
<b>Board of Directors</b>	4
<b>Strategic Report</b>	5
<b>Report of the Directors</b>	8
<b>Directors' Remuneration Report</b>	12
<b>Report of the Independent Auditor</b>	16
<b>Consolidated Statement of Comprehensive Income</b>	20
<b>Consolidated Statement of Financial Position</b>	21
<b>Company Statement of Financial Position</b>	22
<b>Consolidated Statement of Changes in Equity</b>	23
<b>Company Statement of Changes in Equity</b>	24
<b>Consolidated Statement of Cash Flows</b>	25
<b>Company Statement of Cash Flows</b>	26
<b>Notes to the Financial Statements</b>	27

**Directors** Geoffrey Dart  
Paul Gazzard

**Secretary** Stuart Adam

**Registered Office** Room 4, 1<sup>st</sup> Floor  
50 Jermyn Street  
London  
SW1Y 6LX

**Solicitors** Charles Russell Speechlys  
5 Fleet Place  
London  
EC4M 7RD

**Independent Auditor** PKF Littlejohn LLP  
Statutory Auditor  
15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

**Registered Number** 07611240

I hereby present the annual financial statements for the year ended 30 April 2020. During the year the Group reported a loss of £331,649 (2019 – loss of £246,196). These losses arose in the course of the Group: pursuing transactions in its chosen sector; costs associated with its first two projects; maintaining the Company's listing on the Official List of the UK Listing Authority by way of a standard listing and include: consultancy fees, professional fees and directors' fees. As at the Statement of Financial Position date the Group had £408,411 (2019: £24,923) of cash balances.

Since our last full year results, the board has been pushing its existing projects towards completion, as well as entering into talks with regards to securing further long dated income opportunities.

Since the year end this strategy has been helped by the appointment of Matthew Thompson as CEO as well as other non-board appointments. Matthew's experience compliments that of the board and brings fresh ideas to the business model. He has already proven a valuable appointment, concentrating on getting our existing projects to completion this year, freeing up time for continuing talks with universities and investigations into new sources of long-dated income. The ongoing talks with universities have been as productive as a UK General Election, Brexit and COVID-19 would allow. We have been very mindful of the considerable work that University boards have been putting in over the COVID-19 pandemic and have been pleased, given the unprecedented circumstances, that the lines of communication have been left open. At this stage our talks with universities have centred around adding classroom space, especially with those who specialise in the medical sector. The need for additional teaching space has come into the limelight recently after the UK government withdrew a cap on the number of medical student places this year.

At the beginning of September 2020 we announced the practical completion of the Wavertree redevelopment project. The building and certificate have been handed over to the supported living housing association which has entered into a long-term lease agreement for the property.

Our West Derby project, a full development site, which involved the demolition of a large structure and the building of 17 supported living apartments and 3,200 square feet of retail space, is expected to be at the practical completion stage early in the fourth quarter of this year as newly updated photos on our website [www.dukemountcapitalplc.com](http://www.dukemountcapitalplc.com) will attest to.

The global lockdown has given us the opportunity to look at other sources of long-dated income for institutions and the opportunities that the coming years may present. The property sector remains our core sector at present but other, industrial focused sectors, are being examined for their potential. The additional headcount at Dukemount frees up time for more in-depth research and discussions into other exciting opportunities outside property and I look forward to updating shareholders as the year progresses.

I would like to thank all those who have assisted and supported the Group during the year.

**Geoffrey Dart**  
**Executive Chairman**

22 October 2020

**Geoffrey Gilbert Dart - Executive Chairman**

Geoffrey is a merchant banker with over 35 years of experience of fund raising and listing transactions. In 1990 he was appointed to the board of Harrell Hospitality Inc, a hotel management and development company, after he structured and completed its reverse takeover by a US-listed shell company. In 2003, as chairman of Energy Technique Plc (a UK standard listed company) Geoffrey oversaw the re-structuring and re-capitalisation of the company. Also in 2003, as a Founder and an Executive Director of London and Boston Investments Plc (an AIM-listed company), Geoffrey was responsible for M&A activity. In 2010, Geoffrey joined the board of Hayward Tyler Limited, the specialist pump manufacturer and after raising equity and debt funding, completed the standard listing of the company and thereafter took on particular responsibility for the group's Chinese operations and completed a successful re-structuring of those operations.

**Paul Gazzard**

Paul has over 10 years' experience of working across investing institutions in the City of London in his previous role as Fund Manager. He worked with the Panmure Gordon Asset Management team until August 2002 when he transitioned into the commercial financing sector. Between August 2002 and May 2010, Paul participated in the listing of companies on the AIM market of the London Stock Exchange, operating at the Senior Executive level within each of the companies.

Since then Paul has worked as a consultant across various AIM listed companies, advising on corporate and financing related matters, in addition to working as an adviser to several high net worth individuals on specific corporate and management issues relating to their investment portfolios as well as founding a number of private companies in the financial services and other sectors.

The Directors present their Strategic Report for the year ended 30 April 2020.

### **Business Review and Future Developments**

On 29 March 2017 Dukemount Capital Plc was admitted to the Official List of the UK Listing Authority by way of a listing on to the standard segment of the London Stock Exchange. Since the standard listing, the Group's principal aim has been to acquire, manage, develop and, where appropriate, on-sell real estate portfolios which have been CPI-linked, long-dated income leases agreed.

The following entities are consolidated into the Group financial statements:

DKE (North West) Limited, formerly Larch Housing (North West) Limited, incorporated 6 November 2014 in England, of which 100% of the £100 share capital was acquired on 7 September 2017 for £1. This company simultaneously acquired a property in North West England. In 2017, DKE (North West) Limited acquired property in Liverpool. This is a redevelopment project which aims to build retail space of approximately 3,200 square feet and 17 residential apartments for supported living tenants. As part of that project a 50-year lease with a supported living housing association was agreed which expects to generate around £234,000 of income per annum which is CPI-linked. In December 2018 DKE (Northwest) Limited agreed a forward funding and pre-sale of this project to a segregated mandate limited partnership managed by Alpha Real Capital.

DKE (Wavertree) Limited, incorporated 24 April 2016 in England, of which 100% of the £1 share capital was acquired on 6 October 2017. This company subsequently signed an option to acquire a property in North West England and on 11 June 2018 exchanged contracts on the property. The company has signed a 30 year CPI linked agreement to lease with Inclusion Housing at a rent of £168,740 per annum. In January 2019, DKE (Wavertree) Limited agreed a forward funding and assignment of the contract of the Wavertree property to Time: Social Freehold, a fund managed by Time Investments.

As at the date of this report the Group continues to enhance both these projects and makes announcements to the market on these properties as appropriate.

### **Performance of the Business during the Year and the Position at the End of the Year**

The Group reported a loss of £331,649 (2019: £246,196) for the year ended 30 April 2020. The loss was primarily as a consequence of directors' fees and professional fees in relation to the maintenance of the Company's listing, and pursuing transactions.

Net assets of the Group as at the year end were £90,918 (2019: £187,160). Cash balances as at the year end were £408,411 (2019: £24,923).

### **Key Performance Indicators ('KPIs')**

The Board monitors the activities and performance of the Group on a regular basis. The primary performance indicator applicable to the Group at this stage of its development is the completion of transactions to acquire investments properties simultaneously with signing an agreement to lease with a Housing Association at a long term profitable rental and locating cost effective funding.

The Directors are also of the opinion that a key primary performance indicator applicable to the Group is the maintenance of cash reserves held in cash and short-term investments.

	2020	2019
Cash at bank	£408,411	£24,923

**Directors' Statement Under Section 172 (1) of the Companies Act 2006**

Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole.

This section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees,
- c) the need to foster the Company's business relationship with suppliers, customers and others,
- d) the impact of the Company's operations on the community and environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for formulating the Company's strategy, which is to develop and manage portfolios of properties to sell onto institutional investors on a sale and leaseback basis and backed by long-term operational tenants. Some key decisions were taken by the Board in this financial year which were aimed to deliver on this strategy. This included:

- the development and practical completion of the Wavertree redevelopment project. The building and certificate have been handed over to the supported living housing association which has entered into a long-term lease agreement for the property.
- The ongoing development of the West Derby project, a full development site, which involved the demolition of a large structure and the building of 17 supported living apartments and 3,200 square feet of retail space, is expected to be at the practical completion stage early in the fourth quarter of this year

The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of a standard listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service, ("RNS"). The Company's website is also updated regularly, and provides further details on the business. We also are available to all shareholders for interaction with the Board and management, in order to raise any of their concerns.

The Directors believe they have acted in the way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

**Principal Risks and Uncertainties**

The Directors consider the principal risk for the Group to be the maintenance of its cash reserves whilst it focuses on its new development projects and targets further transactions in the property sector.

The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors consider the following risk factors to be of particular relevance to the Group's activities. It should be noted that the list is not exhaustive and other risk factors not presently known or currently deemed immaterial may apply. The risk factors are summarised below:

*Market conditions*

Market conditions, including general economic conditions and their effect on exchange rates, interest rates and inflation rates, may impact the ultimate value of the Group regardless of its operating performance. The Group also faces competition from other organisations, some of which may have greater resources or be more established in a particular territory in the property sector.

In particular, the Group has to marry up properties that are suitable for supported living tenants, in areas where there is a shortfall in demand for such properties, with the best Housing Associations and Care Providers who in turn are acceptable to funders. This process is both time consuming and complex at times.

Adverse global economic conditions could limit the demand for property and lead to developments being postponed. This fall in demand could result in the business's operating results suffering in the future after any proposed transactions.

The Board considers and reviews all market conditions to try and mitigate any risks that may arise from these.

#### *Impact of COVID-19*

The impact of COVID-19 or any other severe communicable disease, if uncontrolled, on the general economic climate could have an adverse effect on the Group. The recent outbreak of COVID-19 may have an adverse effect on the Group's business, financial situation, growth and prospects and has already had a material adverse effect on overall business sentiment and the global economy. There is no assurance there will not be similar outbreaks of other diseases in the future. The impact of the imposition by governments across the world of stringent measures to prevent the spread of COVID-19 or other diseases, and the effect of COVID-19, or any other severe communicable diseases outbreak in the future, on the employees of the Group, could adversely affect the performance of the business activities of the Group and those of the customers, which could lead to a decrease in the demand for their services. It is too early to tell what the long-term impact of COVID-19 will be on the Group's current and future prospects and to what extent it may have a material and adverse effect on the Group's business, results of operations and financial performance.

#### *Government and Local Authority Support*

In circumstances where the Group might seek to sell the long term income from the leases of Supported Living properties, the 'blue chip' nature of this income would appear considerably less attractive to funds should the financial support from the State be perceived as not readily available in the case of a failed Housing Association.

#### *Development Costs and Timing*

Failure to estimate development and refurbishment costs accurately could result in the Group not meeting forecast profitability. Delays in the completion of a project could add to increased costs and a loss of credibility for future projects.

#### *Brexit*

The effect on the Group of the ongoing Brexit negotiations is unknown. There may be issues raising funds from investors in the short term, however investor markets in the UK have continued to be strong and it is too early to say if there will be any direct impact. The Directors continue to monitor events and as the Directors receive more information from the Government and the EU they will assess the impact to the Group and take appropriate steps as required.

#### *Financing and interest rate risk*

The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, the Group may be required to reduce the scope of future transactions. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

### **Risks relating to the Group's business strategy**

The Group is dependent on the ability of the Directors to identify suitable transaction opportunities and to implement the Group's strategy. There is no assurance that the Group's activities will be successful in finding suitable transaction that will ultimately be developed.

*Dependence on key personnel and management risks*

The Group's business is dependent on retaining the services of a small management team and the loss of a key individual could have an adverse effect on the future of the Group's business. The Group's future success will also depend in large part upon its ability to attract and retain highly skilled personnel. This risk is managed by offering salaries that are competitive in the current market. In addition to the Board the company utilises the expertise of property professionals who have extensive experience and knowledge in their field and provide valuable assistance to the Board in locating suitable projects and negotiating contracts with Housing Associations and providers of finance.

*Environmental and other regulatory requirements*

The event of a breach with any environmental or regulatory requirements may give rise to reputational, financial or other sanctions against the Group, and therefore the Board considers these risks seriously and designs, maintains and reviews the policies and processes so as to mitigate or avoid these risks. Whilst the Board has a good record of compliance, there is no assurance that the Group's activities will always be compliant.

This Strategic Report was approved by the Board of Directors on 22 October 2020.

**Geoffrey Dart**

Director

The Directors present the Annual Report and the audited financial statements for the year ended 30 April 2020.

The Group's Ordinary Shares were admitted to trading on the London Stock Exchange, on the Official List pursuant to chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings, on 29 March 2017.

### **Principal Activities**

The Group's principal activity is to acquire, manage, develop and, where appropriate on-sell, real estate portfolios specialising mainly in the supported living and hotels sector.

### **Directors**

The Directors of the Company during the year ended 30 April 2020 were:

Geoffrey Gilbert Dart  
Paul Terence Gazzard

### **Future developments**

See the Strategic Report for anticipated future developments of the Group.

### **Dividends**

The Directors do not propose a dividend in respect of the year ended 30 April 2020 (2019: Nil).

### **Corporate Governance**

As a Group listed on the standard segment of the Official UK Listing Authority, the Group is not required to comply with the provisions of the UK Corporate Governance Code.

The Group does not choose to voluntarily comply with the UK Corporate Governance Code. However, in the interests of observing best practice on corporate governance, the Group has regard to the provisions of the Corporate Governance Code insofar as is appropriate, except that:

- Given the size of the Board and the Group's current size, certain provisions of the Corporate Governance Code (in particular the provisions relating to the composition of the Board and the division of responsibilities between the Chairman and Chief Executive), are not being complied with by the Group as the Board considers these provisions to be inapplicable.
- Until the Group has accumulated sufficient reserves and appointed two additional Non-Executive Directors it will not have separate audit and risk, nomination or remuneration committees. The Board as a whole will instead review audit and risk matters, as well as the Board's size, structure and composition and the scale and structure of the Directors' fees, taking into account the interests of shareholders and the performance of the Group.
- The UK Corporate Governance Code recommends the submission of all Directors for re-election at annual intervals.
- The Board do not consider an internal audit function to be necessary for the Group at this time due to the limited number of transactions.

The Directors are responsible for internal control in the Group and for reviewing effectiveness. Due to the size of the Group, all key decisions are made by the Board. The Directors have reviewed the effectiveness of the Group's systems during the period under review and consider that there have been no material losses, contingencies or uncertainties due to weaknesses in the controls.

### **Carbon emissions**

The Group currently has minimal trade, no employees other than the Directors and uses a rented office. Therefore the Group has minimal carbon emissions and it is not practical to obtain emissions data at this stage.

### Directors and Directors' Interests

The Directors who held office during the period and to the date of approval of these Financial Statements had the following beneficial interests in the ordinary shares of the Group.

	<b>Ordinary shares</b> <b>30 April 2020</b>	<b>Ordinary shares</b> <b>30 April 2019</b>	<b>Warrants</b> <b>interest</b> <b>30 April 2020</b>	<b>Warrant</b> <b>interest</b> <b>30 April 2019</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Geoffrey Dart*	101,666,666	101,666,666	42,314,000	42,314,000
Paul Gazzard	4,000,000	4,000,000	-	-

\* Geoffrey Dart is a Director of Chesterfield Capital Limited which holds the 101,666,666 shares and 42,314,000 warrants. Geoffrey Dart's brother, Bryan Dart, holds warrants over 15,250,000 of the ordinary shares of the Group; these warrants were exercised post year end.

### Going Concern

The Group has assessed the Covid-19 impact on its ability to continue as a going concern. The group considers that the events arising from the Covid-19 outbreak do not impact on its use of the going concern basis of preparation nor do they cast significant doubt over the group's and company's ability to continue as a going concern for the period of at least twelve months from the date when the financial statements are authorised for issue. The Directors, having made due and careful enquiry, are of the opinion that the Group will have access to adequate working capital to meet its obligations over the next 12 months. Further consideration from the Directors in respect of going concern is given in note 2(c). The Directors therefore have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have adopted the going concern basis of accounting in the preparation of the annual financial statements.

### Employees

The Group has no employees other than the Directors.

### Substantial Interests

As at 19 October 2020, the Directors were aware of the following shareholdings in excess of 3% of the Group's issued share capital.

	%	Number of ordinary shares
W B Nominees Limited *	25.65	116,527,012
Hargreaves Lansdown Nominees Limited	16.11	73,196,039
Barclays Direct Investing Nominees Limited	7.92	35,990,134
Vidacos Nominees Limited	5.99	27,225,036
Interactive Investor Services Nominees Limited	4.83	21,938,123
Lawshare Nominees Limited	3.67	16,665,477
HSDL Nominees Limited	3.13	14,219,281

### Financial Risk Management

The Group has a simple capital structure and its principal financial asset is cash. The Group has no material exposure to market risk or currency risk and the Directors manage its exposure to liquidity risk by maintaining adequate cash reserves and ensuring any debt financing is at a competitive interest rate which can be maintained within the Group's cash resources going forward.

Further details regarding risks are detailed in note 2(p) to the financial statements.

### Statement of Directors' responsibilities pursuant to the disclosure and transparency rules

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group and Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the consolidated financial statements may differ from legislation in other jurisdictions.

**Statement of Directors' responsibilities (continued)**

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's position, performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 4 confirm that, to the best of their knowledge and belief:

- The Group and Parent Company financial statements prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group and Parent Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face.

**Provision of information to auditor**

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditors**

PKF Littlejohn LLP, the auditor, has indicated their willingness to continue in office as auditor. PKF Littlejohn LLP will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

**Subsequent Events**

Details of events after the reporting period are disclosed in Note 20

Approved by the Board on 22 October 2020, and signed on its behalf by:

**Geoffrey Dart**  
Director

This remuneration report sets out the Group's policy on the remuneration of executive and non-executive Directors together with details of Directors' remuneration packages and service contracts for the financial year ended 30 April 2020.

Until several transactions have been completed and until it has accumulated sufficient reserves to justify the appointment of two additional Non-Executive directors, the Group will not have a separate remuneration committee. The Board as a whole will instead review the scale and structure of the Directors' fees, taking into account the interests of shareholders and the performance of the Group and Directors.

The items included in this report are unaudited unless otherwise stated.

### **Audited information**

#### **Directors' emoluments and compensation**

Set out below are the emoluments of the Directors for the year ended 30 April 2020.

<b>Name of Director</b>	<b>Salary and fees</b>	<b>Share based payment</b>	<b>Total 2020</b>	<b>Total 2019</b>	<b>% change from 2019</b>
				<b>£</b>	
Geoffrey Dart	150,000	-	150,000	155,000	-3%
Paul Gazzard	27,500	-	27,500	27,500	-%
<b>TOTAL</b>	<b>177,500</b>	-	<b>177,500</b>	<b>128,959</b>	<b>-3%</b>

All remuneration is considered to relate to short term benefits.

### **Unaudited information**

#### **Employment Contracts and Letters of Appointment**

The Directors who served during the year all have employment contracts.

The Directors who held office at 30 April 2020 and who had beneficial interests in the Ordinary Shares of the Group and details of these beneficial interests can be found in the Directors' Report.

### **Terms of appointment**

The services of the Directors, provided under the terms of agreement with the Group, are dated as follows:

<b>Director</b>	<b>Year of appointment</b>	<b>Number of years completed</b>	<b>Date of current engagement letter</b>
Geoffrey Dart	2011	8	16 March 2017
Paul Gazzard	2017	3	29 June 2017

In accordance with the above agreements the Directors are subject to 6 months' notice periods and an annual review.

### **Other matters**

The Group does not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration. The Group has not paid out any excess retirement benefits to any Directors or past Directors.

## Remuneration Policy

In setting the policy, the Board has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Group;
- The Group's general aim of seeking to reward all employees fairly according to the nature of their role and their performance;
- Remuneration packages offered by similar companies within the same sector;
- The need to align the interests of shareholders as a whole with the long-term growth of the Group; and
- The need to be flexible and adjust with operational changes throughout the term of this policy.

## Remuneration Components

The remuneration policy of the Group is outlined below.

### Future Policy Table

Element	Purpose	Policy	Operation	Opportunity and performance conditions
<b>Executive directors</b>				
Base salary	To award for services provided	The remuneration of Directors is based on the recommendations of the Chairman and comparison with other companies of a similar size and sector. Any Director who serves on any committee, or who devotes special attention to the business of the Group, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors may determine.	Paid monthly and will be reviewable annually.	The total value of Directors' fees that may be paid is limited by the Group's Articles of Association to £200,000 per annum.
Pension	N/A	Not awarded	N/A	N/A
Benefits	N/A	Not awarded	N/A	N/A
Annual Bonus	N/A	Annual bonuses of the Directors is based on the recommendations of the Chairman and comparison with other companies of a similar size and sector.	N/A	N/A
Share Options	N/A	As above	N/A	N/A

The company does not have any non executive Directors. If appointed in the future the Company will consider the remuneration of these Directors.

**Notes to the Future Policy Table**

The Directors are reimbursed all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

**Consideration of shareholder views**

The Board will consider shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Group's annual policy on remuneration.

**Policy for new appointments**

Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Board may agree that the Group will meet certain relocation and/or incidental expenses as appropriate.

There are no incentives for directors relating to the performance of the share price of the company.

Approved on behalf of the Board of Directors.

**Geoffrey Dart**  
**Director & Executive Chairman**  
22 October 2020

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUKEMOUNT CAPITAL PLC****Opinion**

We have audited the financial statements of Dukemount Capital Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements 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 applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2020 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 as applied to listed public interest entities, 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 related to going concern**

We draw attention to Note 2 to the financial statements which indicates that the group will require additional funding within the 12 months from the date at which the financial statements are authorised for issue. The ability of the group to continue its projects is therefore dependent on successfully raising funds through issuance of convertible loan notes and raising funds on the open market. The total comprehensive loss for the group during year was £331k. The group will require further funding within a period of 12 months from the date of approval of the financial statements in order to avoid a cash deficit, which is not yet committed. In addition, the potential impact of COVID-19, whilst not yet fully understood, will likely have an impact on the operations of the business and the ability to raise additional equity funds.

As stated in Note 2 the events or conditions along with other matters set forth in that Note and in the Annual Report in relation to COVID-19, indicate that a material uncertainty exists that may cast significant doubt on the ability of the group and parent company to continue as a going concern.

**Our application of materiality**

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate

of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the group to be £23,000 (2019: £24,000) and the materiality for the parent company to be £17,000, which both were based on 5% of the loss for the year at the planning stage. This is considered appropriate considering the principal driving force of the business is expenditure incurred and the realisable profit on the development contract. During the audit, a few adjustments were noted, and these adjustments were tested separately. Following these adjustments, the materiality of £23,000 is still deemed to be appropriate and no revision was considered necessary. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed planning materiality threshold for the financial statements as a whole.

### An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant uncertainty, estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. Significant areas of management's judgement are required when assessing revenue recognition, being based on a percentage completion basis of the project. This represents the key focus of which we performed audit procedures as defined below. A full scope audit was undertaken on the financial statements of the Parent Company and its Subsidiaries.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the key audit matter
<b>Revenue recognition (Note 3)</b>	
<p>Under ISA 240 there is a presumption that revenue recognition is a fraud risk. Revenue is generated from the principal activity of the group (being development of real estate portfolios specialising mainly in the supported living and hotels sector). Revenue is recognised in accordance with IFRS 15, based on the completion percentage of a contract and involves significant management estimation and judgement.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>• Updating our understanding of the internal control environment in operation for the income stream</li> <li>• Reviewing estimated stage of completion in line with costs incurred, forecasts and management estimations;</li> <li>• Reviewing and scrutinising the basis of recognition of costs of completion;</li> <li>• Performing substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at year end; and</li> <li>• Ensuring disclosures are made in accordance with the applicable financial reporting standards.</li> </ul>

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company 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 to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Other matters which we are required to address**

We were appointed by the Board on 15 May 2019 to audit the financial statements for the year ended 30 April 2019. Our total uninterrupted period of engagement is 9 years, covering the periods ended 30 April 2012 to 30 April 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit. No non-audit services were provided to the Group during the year.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussions with the directors. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our audit opinion is consistent with the additional report to the Board.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Zahir Khaki (Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor  
22 October 2020**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

	Note	Group 2020 £	Group 2019 £
<b>Continuing operations</b>			
Revenue from contracts with customers	3	<b>2,387,704</b>	621,875
Cost of sales		<b>(2,264,405)</b>	(559,317)
		_____	_____
<b>Gross Profit</b>		<b>123,299</b>	62,558
Administrative expenses	4	<b>(454,955)</b>	(480,998)
Profit on disposal of investment property		-	172,132
		_____	_____
<b>Operating loss</b>		<b>(331,656)</b>	(246,308)
Interest received		<b>7</b>	112
		_____	_____
<b>Loss before taxation</b>		<b>(331,649)</b>	(246,196)
Income tax	7	-	-
		_____	_____
<b>Loss for the year attributable to equity owners</b>		<b>(331,649)</b>	(246,196)
		_____	_____
<b>Total comprehensive income for the year attributable to the equity owners</b>		<b>(331,649)</b>	(246,196)
<b>Earnings per share attributable to equity owners</b>		_____	_____
Basic and diluted (pence)	11	<b>(0.00090)</b>	(0.00071)
		_____	_____

The Accounting Policies and Notes form part of the financial statements.

	Note	30 April 2020 £	30 April 2019 £
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	9	<b>609,558</b>	677,137
Cash and cash equivalents		<b>408,411</b>	24,923
		_____	_____
<b>Total Assets</b>		<b>1,017,969</b>	702,060
		_____	_____
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	12	<b>439,033</b>	366,166
Share premium	13	<b>952,211</b>	789,671
Share based payments reserve		<b>30,499</b>	30,499
Retained deficit		<b>(1,330,825)</b>	(999,176)
		_____	_____
		<b>90,918</b>	187,160
<b>Current Liabilities</b>			
Trade and other payables	15	<b>927,051</b>	514,900
		_____	_____
<b>Total Equity and Liabilities</b>		<b>1,017,969</b>	702,060
		_____	_____

These Consolidated Financial Statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 22 October 2020.

**Geoffrey G. Dart**  
Director

The Accounting Policies and Notes form part of the financial statements.

	Note	30 April 2020	30 April 2019
		£	£
<b>Assets</b>			
<b>Non current assets</b>			
Investment in Subsidiaries	8	101	101
<b>Current Assets</b>			
Trade and other receivables	9	297,931	133,848
Cash and cash equivalents		157,365	15,339
<b>Total Assets</b>		<b>455,397</b>	<b>149,288</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	12	439,033	366,166
Share premium	13	952,211	789,671
Share based payments reserve		30,499	30,499
Retained deficit		(1,537,788)	(1,156,400)
		(116,044)	29,936
<b>Current Liabilities</b>			
Trade and other payables	15	571,441	119,352
<b>Total Equity and Liabilities</b>		<b>455,397</b>	<b>149,288</b>

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement and Statement of Comprehensive Income. The loss for the Parent Company for the year was £381,388 (2019: £424,921) and the total comprehensive loss for the year was £381,388 (2019: £424,920).

These Financial Statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 22 October 2020.

**Geoffrey G. Dart**  
Director

The Accounting Policies and Notes form part of the financial statements.

	Share capital	Share premium	Share based payments reserve	Retained deficit	Total
	£	£	£	£	£
<b>Balance as at 1 May 2018</b>	339,500	736,337	30,499	(752,980)	353,356
Loss for the year	-	-	-	(246,196)	(246,196)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(246,196)	(246,196)
<b>Transactions with equity owners</b>					
Issue of ordinary shares	26,666	53,334	-	-	80,000
<b>Total transactions with owners</b>	26,666	53,334	-	-	80,000
<b>Balance as at 30 April 2019</b>	366,166	789,671	30,499	(999,176)	187,160
Loss for the year	-	-	-	(331,649)	(331,649)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(331,649)	(331,649)
<b>Transactions with equity owners</b>					
Issue of ordinary shares	72,867	162,540	-	-	235,407
<b>Total transactions with owners</b>	72,867	162,540	-	-	235,407
<b>Balance as at 30 April 2020</b>	439,033	952,211	30,499	(1,330,825)	90,918

The Accounting Policies and Notes form part of the financial statements.

	Share Capital	Share premium	Share based payments reserve	Retained deficit	Total
	£	£	£	£	£
<b>Balance as at 1 May 2018</b>	339,500	736,337	30,499	(731,480)	374,856
Loss for the year	-	-	-	(424,920)	(424,920)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(424,920)	(424,920)
<b>Transactions with equity owners</b>					
Issue of ordinary shares	26,666	53,334	-	-	80,000
<b>Total transactions with owners</b>	<b>26,666</b>	<b>53,334</b>	<b>-</b>	<b>-</b>	<b>80,000</b>
<b>Balance as at 30 April 2019</b>	<b>366,166</b>	<b>789,671</b>	<b>30,499</b>	<b>(1,156,400)</b>	<b>29,936</b>
Loss for the year	-	-	-	(381,388)	(381,388)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(381,388)	(381,388)
<b>Transactions with equity owners</b>					
Issue of ordinary shares	72,867	162,540	-	-	235,407
<b>Total transactions with owners</b>	<b>72,867</b>	<b>162,540</b>	<b>-</b>	<b>-</b>	<b>235,407</b>
<b>Balance as at 30 April 2020</b>	<b>439,033</b>	<b>952,211</b>	<b>30,499</b>	<b>(1,537,788)</b>	<b>(116,044)</b>

The Accounting Policies and Notes form part of the financial statements.

	Note	2020 £	2019 £
<b>Cash Flows from Operating Activities</b>			
Loss before taxation		(331,649)	(246,196)
Adjustments for:			
Profit on disposal of Investment Property		-	(172,132)
Share based payment	14	-	80,000
Changes in working capital:			
(Increase)/Decrease in trade and other receivables		67,579	(644,290)
Increase/(Decrease) in trade and other payables		412,151	489,150
<b>Net Cash generated from/(used in) Operating Activities</b>		148,081	(493,468)
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of investment property		-	370,000
<b>Net Cash generated from/used in Investing Activities</b>		-	370,000
<b>Cash Flows from Financing Activities</b>			
Net proceeds from issue of shares	12	234,407	-
<b>Net Cash generated from/used in Financing Activities</b>		234,407	-
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		383,488	(123,468)
Cash and cash equivalents at the beginning of the year		24,923	148,391
<b>Cash and Cash Equivalents at the End of the Year</b>		408,411	24,923

The Accounting Policies and Notes form part of the financial statements.

	Note	2020 £	2019 £
<b>Cash Flows from Operating Activities</b>			
Loss before taxation		(381,388)	(424,920)
Adjustments for:			
Share based payment	14	-	80,000
Changes in working capital:			
(Increase)/Decrease in trade and other receivables		(271,748)	5,664
Increase /(Decrease)in trade and other payables		259,165	38,854
Increase in amounts due to subsidiary undertakings		300,600	167,350
<b>Net Cash used in Operating Activities</b>			
		(93,381)	(300,402)
<b>Cash Flows from Financing Activities</b>			
Net proceeds from fundraising	12	234,407	-
<b>Net Cash generated from/used in Financing Activities</b>			
		234,407	-
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>			
		142,026	(133,052)
Cash and cash equivalents at the beginning of the year			
		15,339	148,391
<b>Cash and Cash Equivalents at the End of the Year</b>			
		157,365	15,339

The Accounting Policies and Notes form part of the financial statements.

**1. General Information**

Dukemount Capital Plc was incorporated in the UK on 20 April 2011 as a public limited company with the name Black Lion Capital Plc. The Company subsequently changed its name to Black Eagle Capital Plc on 13 September 2011 and on 15 November 2016 changed its name to Dukemount Capital Plc. On 29 March 2017 the Company was admitted to the London Stock Exchange by way of a standard listing.

The Group's principal activity is to acquire, manage, develop and, where appropriate on-sell, real estate portfolios specialising mainly in the supported living and hotels sector.

The parent company's registered office is located at 50 Jermyn Street, London SW1Y 6LX.

**2. Summary of Significant Accounting Policies**

The principal Accounting Policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**a) Basis of Preparation of Financial Statements**

The financial statements of Dukemount Capital Plc have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have also been prepared under the historical cost convention.

The financial statements are presented in Pound Sterling (£), rounded to the nearest pound.

The consolidated entities include the wholly owned subsidiaries DKE (North West) Limited and DKE (Wavertree) Limited.

The individual entity financial statements of each subsidiary were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (FRS 101).

**b) Basis of consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

## 2. Summary of Significant Accounting Policies (continued)

### b) Basis of consolidation (continued)

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired companies on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

### c) Going Concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption.

The Directors have reviewed projections for a period of at least 12 months from the date of approval of the Financial Statements.

The Directors have assessed the Covid-19 impact on its ability to continue as a going concern. They consider that the events arising from the Covid-19 outbreak do not impact on its use of the going concern basis of preparation nor do they cast significant doubt over the company's ability to continue as a going concern for the period of at least twelve months from the date when the financial statements are authorised for issue.

In making their assessment of going concern, the Directors acknowledge that the Group has a very small cost base, and development of its existing projects have been pre-funded. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will require further funding in the medium term. The Group faces a degree of uncertainty at present as a result of COVID-19, including its ability to access further funding. The directors note that the Group has always been successful with past fundraises and continue to believe strongly in the Group's projects. Accordingly, the Board believes it is appropriate to adopt the going concern basis in the preparation of the Financial Statements.

### d) Changes in accounting policies and disclosure

#### In issue and effective for periods commencing on 1 May 2019

New standards and interpretations currently in issue and effective, based on EU mandatory effective dates, for accounting periods commencing on 1 May 2019 are:

IFRS 9 (amendments) – prepayment features with negative compensation – (effective 1 January 2019)

IFRS16: Leases (effective 1 January 2019)

IAS 19 (amendments) – Plan Amendment, Curtailment or Settlement (effective 1 January 2019)

IAS 28 (amendments) – Long-term interests in Associates and joint Ventures (effective 1 January 2019)

Annual Improvements – 2015-2017 Cycle (effective 1 January 2019)

IFRIC 23 – Uncertainty over Income tax treatments (effective 1 January 2019)

The impact of these standards and interpretations is reflected in this annual report as detailed below.

IFRS 16 eliminates the classification of leases as either operating leases or financing leases and, instead, introduces a single lessee accounting model. A lessee will be required to recognise assets and liabilities for

all leases with a term of more than 12 months (unless the underlying asset is of low value) and will be required to present depreciation of leased assets separately from interest on lease liabilities in the consolidated statement of income. A lessor will continue to classify its leases as operating leases or financing leases, and to account for those two types of leases separately.

IFRS 16 is effective for fiscal periods beginning on or after 1 January 2019 and therefore was effective for the Group for the period presented. The Group have undertaken a review of contracts for potential lease arrangements. Based on the analysis the Group does not have any significant leases requiring recognition and therefore the impact of IFRS 16 is immaterial.

The other standards and amendments did not have a material impact on the Group or Company in the year.

#### **In issue but not effective for periods commencing on 1 May 2020**

The following standards, amendments and interpretations which have been recently issued or revised and are mandatory for the Group's and Company's accounting periods beginning on or after 1 May 2020 or later periods have not been adopted early:

IFRS standards (amendments) – References to the Conceptual Framework (effective 1 January 2020)  
IFRS3 – amendments to IFRS3 Business Combinations (effective 1 January 2020)  
IAS 1 and IAS 8 – definition of material (effective 1 January 2020)

The Directors are evaluating the impact of the new and amended standards above. The Directors believe that these new and amended standards are not expected to have a material impact on the financial statements of the Group or Company.

#### **e) Segmental reporting**

Identifying and assessing investment projects is the only activity the Group is involved in and is therefore considered as the only operating/reportable segment. As the subsidiaries grow and acquire additional properties and projects, management will then consider them as separate reportable segments.

Therefore the financial information of the single segment is the same as that set out in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cashflows.

#### **f) Revenue from contracts with customers**

Revenue relates to amounts contractually due under a property development agreement at the balance sheet date relating to the stage of completion of a contract as measured by surveys of work performed to date. Revenue is recognised for services when the Group has satisfied its contractual performance obligation in respect of the services. The amount recognised for the services performed is the consideration that the Group is entitled to for performing the services provided. Revenue from contracts with customers is recognised over time.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change, and may include cost contingencies to take into account specific risks within each contract. Cost contingencies are reviewed on a regular basis throughout the life of the contract. However, the nature of the risks on projects are such that they often cannot be resolved until the end of the project and therefore may reverse until the end of the project. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. The estimated final outcomes on projects are continuously reviewed, and adjustments are made when necessary. Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Where costs incurred plus recognised profits less recognised losses exceed progress billings, the balance is recognised as contract assets within trade and other receivables. Where progress billings exceed costs incurred plus recognised profits less recognised losses, the balance is recognised as contract liabilities within trade and other payables.

## 2. Summary of Significant Accounting Policies (continued)

### g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and current and deposit balances with banks similar. This definition is also used for the Statement of Cash Flows.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

The Group considers that it is not exposed to major concentrations of credit risk.

### h) Financial Instruments

#### *Financial assets*

The Group and Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss; and
- Those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. The Group's and Company's financial assets at amortised cost include trade and other receivables, contract assets and cash and cash equivalents. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group currently does not recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss, as the effect would be immaterial on these financial statements. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group assesses a non-performing debt based on the payment terms of the receivable.

**2. Summary of Significant Accounting Policies (continued)****i) Financial Instruments (continued)****i) Financial liabilities**

Financial liabilities, comprising trade and other payables, are held at amortised cost.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 and other payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

**2. Summary of Significant Accounting Policies (continued)****j) De-recognition of Financial Instruments***i. Financial Assets*

A financial asset is derecognised where:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Group has transferred the rights to receive cash flows from the asset, and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*ii. Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

**2. Summary of Significant Accounting Policies (continued)****k) Taxation****Current tax**

Current tax is based on the taxable profit or loss for the year. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or recognised in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted at the reporting date.

**Deferred tax**

Deferred tax is recognised using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted at the Statement of Financial Position date and are expected to apply to the period when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are not discounted.

**l) Equity**

Equity comprises the following:

- Share capital representing the nominal value of the equity shares;
- Share premium representing consideration less nominal value of issued shares and costs directly attributable to the issue of new shares;
- Share based payments reserve representing the fair value of share based payments valued in accordance with IFRS 2.

**2. Summary of Significant Accounting Policies (continued)****m) Share Capital**

Ordinary shares are classified as equity.

**n) Share Based Payments**

The Group has issued warrants over the ordinary share capital as described in note 15. In accordance with IFRS 2, the total amount to be expensed over the vesting period for warrants issued for services is determined by reference to the fair value of the warrants granted, excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of warrants that are expected to vest.

For warrants issued relating to the raising of finance, the relevant expense is offset against the share premium account. The total amount to be expensed is determined by reference to the fair rate of the warrants granted, excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of warrants that are expected to vest.

**o) Investments**

Equity investments in subsidiaries are held at cost, less any provision for impairment.

**p) Financial Risk Management***Financial Risk Factors*

The Group's activities expose it to a variety of financial risks: market risk (price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. None of these risks are hedged.

The Group has no foreign currency transactions or borrowings, so is not exposed to market risk in terms of foreign exchange risk. The Group will require funding to acquire and develop and/or refurbish its properties and accordingly will be subject to interest rate risk.

Risk management is undertaken by the Board of Directors.

*Market Risk – price risk*

The Group was exposed to equity securities price risk because of investments held by the Group, classified as available-for-sale financial assets. These assets were sold in the year, and therefore the carrying value at the year end is £Nil, which represents the maximum exposure for the Group.

The Group is not exposed to commodity price risk. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

*Credit risk*

Credit risk arises from cash and cash equivalents as well as any outstanding receivables. Management does not expect any losses from non-performance of these receivables. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk, which is stated under the cash and cash equivalents accounting policy.

**2. Summary of Significant Accounting Policies (continued)***Liquidity risk*

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The proceeds raised from the placing are being held as cash to enable the Group to fund a transaction as and when a suitable target is found.

Controls over expenditure are carefully managed, in order to maintain its cash reserves whilst it targets a suitable transaction.

Financial liabilities are all due within one year.

*Capital risk management*

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Group has no borrowings.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the total equity held by the Group, being a net asset of £90,918 as at 30 April 2020 (2019: net asset £187,160).

**q) Critical Accounting Estimates and Judgements**

The Directors make estimates and assumptions concerning the future as required by the preparation of the financial statements in conformity with EU endorsed IFRSs. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*i. Share based payments*

In accordance with IFRS 2 'Share Based Payments' the Group has recognised the fair value of warrants calculated using the Black-Scholes option pricing model. The Directors have made significant assumptions particularly regarding the volatility of the share price at the grant date in order to calculate a total fair value. Further information is disclosed in Note 15.

*ii) Percentage completion method used for long term contracts*

The Group makes an estimate of the stage of completion of a development project based on the costs incurred at the year end. Management then make assumptions regarding the collectability of billings and expected future costs. The method used is as stated in the constructions contract accounting policy 2f). Estimation uncertainty will exist with regard to the gross profit being recognised at the year end. The Directors believe that this uncertainty is reduced to an acceptable level by using quantity surveyors' reports to assess the stage of contract completion at the year end.

**3. Revenue**

Analysis of turnover by geography:

	<b>2020</b>	<b>2019</b>
	£	£
United Kingdom	2,387,704	<u>621,875</u>
	<u>2,387,704</u>	621,875

Analysis of turnover by category:

	<b>2020</b>	<b>2019</b>
	£	£
Property management and building development services	<u>2,387,704</u>	621,875
	<u>2,387,704</u>	621,875

*All revenue is recognised over time.***4. Expenses by Nature**

	<b>2020</b>	<b>2019</b>
	£	£
Directors' fees	177,500	135,833
Share based payment expense	-	80,000
Establishment costs	33,924	32,507
Legal and professional fees	185,772	177,269
Listing/ regulatory costs	30,461	38,014
Travel and accommodation	6,398	7,143
Other expenses	20,900	10,232
	<hr/>	<hr/>
<b>Total Administrative Expenses</b>	<b>454,955</b>	<b>480,998</b>
	<hr/>	<hr/>

**5. Directors' Remuneration**

<b>Company</b>	<b>2020</b>	<b>2019</b>
	£	£
Geoffrey Dart	150,000	155,000
Timothy Le Druillenec	-	33,333
Paul Gazzard	27,500	27,500
	<hr/>	<hr/>
<b>Total</b>	<b>177,500</b>	<b>215,833</b>
	<hr/>	<hr/>

Details of directors' remuneration are included in the Directors' Remuneration Report.

The average number of employees (including directors) during the year was 2 (2019: 3).

**6. Services provided by the Company's Auditors**

During the year, the Group obtained the following services from the Group's auditors and its associates:

	2020 £	2019 £
Fees payable to the Company's auditor for:		
Audit of the Group and Company	24,150	24,000
Audit of the subsidiary undertakings	11,550	8,000
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	35,700	32,000

**7. Taxation****Tax Charge for the Year**

No taxation arises on the result for the year due to taxable losses.

**Factors Affecting the Tax Charge for the Period**

The tax credit for the period does not equate to the loss for the period at the applicable rate of UK Corporation Tax of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £	2019 £
Loss for the period before taxation	(331,649)	(246,196)
	<hr/>	<hr/>
Loss for the period before taxation multiplied by the standard rate of UK Corporation of 19.00% (2019: 19.00%)	(63,013)	(46,777)
	<hr/>	<hr/>
Losses carried forward on which no deferred tax asset is recognised	63,013	46,777
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

**Factors Affecting the Tax Charge of Future Periods**

Tax losses available to be carried forward by the Group at 30 April 2020 against future profits are estimated at £1,241,000(2019 - £909,000).

A deferred tax asset has not been recognised in respect of these losses in view of uncertainty as to the level of future taxable profits.

There is no expiry date on carried forward tax losses.

**8. Investment in subsidiaries****Company**

	2020	2019
	£	£
Shares in Group Undertaking		
As at 1 May	101	101
Additions in the year	-	-
 <b>At 30 April</b>	<b>101</b>	<b>101</b>

**Details of Subsidiaries**

Details of the subsidiaries at 30 April 2020 are as follows:

Name of subsidiary	Country of incorporation	Share capital held by Parent	% share capital held	Principal activities
DKE (North West Limited)	England	100	100%	Property management and development
DKE (Wavertree) Limited	England	1	100%	Property management and development
Dukemount Limited	England	1	100%	Dormant

The registered office of all subsidiary undertakings is the same as the parent company.

**9. Trade and Other Receivables**

	Group 2020	Company 2020	Group 2019	Company 2019
	£	£	£	£
Other receivables, including prepayments	327,075	297,931	55,263	26,183
Amounts owed by group undertakings	-	-	-	107,665
Amounts recoverable on contracts	282,483	-	621,874	-
	<b>609,558</b>	<b>297,931</b>	<b>677,137</b>	<b>133,848</b>

The fair value of all receivables is the same as their carrying values stated above.

The maximum exposure to credit risk at the reporting date is the carrying value mentioned above. The Group does not hold any collateral as security.

Amounts recoverable on contracts represents sales invoices issued after 30 April 2020 in respect of work undertaken during the year ended 30 April 2020 with appropriate provision being made in accruals and deferred income for costs incurred in undertaking such work but which had not been invoiced at 30 April 2020.

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand. Advances were made to the subsidiaries in order to fund the redevelopment project.

**10. Dividends**

No dividend has been declared or paid by the Company during the year ended 30 April 2020 (2019: Nil).

**11. Earnings per share**

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year. In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of the warrants would be to decrease the loss per share.

	2020 £	2019 £
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Loss attributable to equity holders of the Group 331,646 246,196

**Total** 331,646 246,196

Weighted average number of ordinary shares in issue (thousands) 366,766 346,002

	2020 £	2019 £
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Continuing Operations – basic and diluted 0.00090 0.00071

**12. Share Capital****Group and Company**

	2020 No. (000's)	2019 No. (000's)
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**Allotted, issued and fully paid**

Beginning of year 366,166 339,500  
New shares issued 72,867 26,666

At 30 April 439,033,666 ordinary shares of £0.001 each 439,033 366,166  
(2019: 366,166,666 ordinary shares of £0.001 each)

On 22 April 2020 the Company raised, in aggregate, £255,034 before expenses, by way of a placing of 72,867,000 new ordinary shares of £0.001 at a price of 0.35 pence per share.

**13. Share Premium****Group and Company**

	Share Premium £	Share issue costs £	Net Share Premium £
At 1 May 2019	789,671	-	789,671
Issue of shares	182,167	(19,627)	162,540
<b>At 30 April 2020</b>	<b>971,838</b>	<b>(19,627)</b>	<b>952,211</b>

**14. Share Based Payments**

Details of the warrants outstanding at 30 April 2020 are included below. The fair value of the warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

Warrant granted on:	Various dates between 8 September 2011 and 26 October 2011	At 29 March 2017
Warrant life remaining (years)	2 years	3 years
Warrants granted	25,925,000	27,064,000
Risk free rate	2.2%	0.5%
Expiry date	8 September 2021	29 March 2023
Exercise price (£)	0.005	0.005
Expected volatility	20%	20%
Expected dividend yield	-	-
Marketability discount	20%	20%
Total fair value of warrants granted (£)	23,308	7,125

The expected volatility for the warrants granted is based on the historical share price volatility of similar listed entities from their date of admission to the market up to the completion of the first six months of trading. This is considered to be the most reasonable measure of expected volatility, given the relatively brief trading history of the Group.

The warrants issued in 2017 have been modified in the year, with their expiry date being extended until 29 March 2023. The fair value adjustment as required under IFRS 2 as a result of this modification was immaterial and as such no change in the fair value has been reflected in the Financial Statements.

The risk free rate of return is based on zero yield government bonds for a term consistent with the warrant life. A reconciliation of warrants in issue over the period to 30 April 2020 is shown below:

	Number	Weighted average exercise price (£)
As at 1 May 2019	54,993,000	0.005
Expired during year	2,004,000	0.005
Outstanding as at 30 April 2020	52,989,000	0.005
 Exercisable at 30 April 2020	 52,989,000	 0.005

The weighted average contracted and expected life (years) for the above warrants is 1 year (2019 – 2 years).

Following the year end, 15,250,000 of the warrants issued in 2011 were exercised (Note 20).

**15. Trade and Other Payables**

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Trade payables	386,664	210,028	171,548	36,553
Amounts due to group companies	-	255,184	-	62,249
Accruals	114,449	106,128	20,550	20,550
Accrued property costs	425,938	-	322,802	-
	<hr/>	<hr/>	<hr/>	<hr/>
	927,051	571,340	514,900	119,352

Accrued property costs represents the cost of property work undertaken as at 30 April 2020.

**16. Treasury Policy and Financial Instruments**

The Group operates an informal treasury policy which includes the ongoing assessments of interest rate management and borrowing policy. The Board approves all decisions on treasury policy.

The Group has financed its activities by the raising of funds through the placing of shares.

There are no material differences between the book value and fair value of the financial instruments.

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
<b>Carrying amount of financial assets</b>				
Measured at amortised cost	537,518	255,034	650,954	107,665
	<hr/>	<hr/>	<hr/>	<hr/>
	537,518	255,034	650,954	107,665
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	927,051	571,340	514,900	119,352
	<hr/>	<hr/>	<hr/>	<hr/>
	927,051	571,340	514,900	119,352

**17. Capital Commitments**

There were no capital commitments authorised by the Directors or contracted for at 30 April 2020.

**18. Related Party Transactions**

The Directors are Key Management and information in respect of key management is given in Note 5.

At 30 April 2020, the Company owed DKE (Wavertree), a wholly owned subsidiary of the Group, £31,135 (2018: due from £107,665)

At 30 April 2020, the Company owed DKE (Northwest), a wholly owned subsidiary of the Group, £224,049 (2018: £62,249).

**19. Ultimate Controlling Party**

The Directors believe there to be no ultimate controlling party.

**20. Events after the reporting period**

In March 2020, the Group announced that in response to the Coronavirus pandemic and a need to keep their staff and contractors safe in line with Government advice, its construction company suspended work on the Wavertree Project. Following the end of the reporting period, in May 2020, the Group was pleased to announce that the contractors at the Wavertree project returned to the site.

In June 2020, 15,250,000 warrants were exercised to acquire 15,250,000 Ordinary Shares at a price of 0.5p per share with gross proceeds of £76,250.

Also in June 2020, the Group announced the appointment of Matthew Thompson as Chief Executive Officer. As well as the CEO responsibilities, Matthew will manage the due diligence and development process of each project, driving forward current and future projects and assist the board in its discussions with institutions with regards to investment in long dated income.

In September 2020 the Group announced that the Certificate of Practical Completion for the Wavertree refurbishment project in Liverpool has now been issued to the Group.