LONDON & ASSOCIATED PROPERTIES

ANNUAL REPORT 2021

LAP

Contents

Financial calendar

Annual General Meeting
15 June 2022

Announcement of half year results to 30 June 2022
Late August 2022

Announcement of annual results for 2022
Late April 2023

LAP at a glance

London & Associated Properties PLC ("LAP") is a main market listed group which invests in industrial and retail property in the UK while also managing property assets. LAP owns £66.9 million of property. As a property company we look to create environments where tenants can thrive.

The Group also holds a substantial investment in Bisichi PLC, which operates coal mines in South Africa and owns UK property. In accordance with IFRS 10 the results of Bisichi have been consolidated in the group accounts.

FINANCIAL HIGHLIGHTS

Fully diluted net assets per equity share

34.78p

2020: 34.99p

IFRS net assets

£40.2m

2020: £39.5m

Properties portfolio valuation*

£66.9m

2020: £71.0m

*Includes investment properties, head leases, assets held for sale and property inventory. Excludes properties under management.

KEY PROJECTS

	KEY PROJECTS	HIGHLIGHT
Directly owned	• **Orchard Square, Sheffield** • **Runcorn Manor Park Industrial Estate** • **West Ealing development** • **Kings Square, West Bromwich** • **Adlington Court Industrial Estate, Warrington**	• Food hub development at Sheffield complete and trading • Runcorn Industrial portfolio being managed actively for rental growth • Sale of Radcliffe portfolio at significantly above December 2020 valuation • Sale of largest unit at Runcorn for healthy profit on original cost • Ealing residential development property progressing on plan • New residential development in Purley in the planning stage
Coal production	• In South Africa, Black Wattle produced 1.04m metric tonnes of Run of Mine Coal in 2021 (2020: 1.18m metric tonnes)	• Agreement signed to acquire an additional 6.1million metric tonnes of Run of Mine coal contiguous to Black Wattle Colliery, the South African mining operations, extending the life of mine to eight years.

Chairman's statement and Chief Executive's review 2021

We are pleased to present the Chairman's and Chief Executive's review for 2021. The first half of the year was marked by further lockdowns and in the second half the Omicron variant created significant headwinds. Nonetheless, LAP has made good progress overall. We have achieved this by continuing to focus on reducing costs; repositioning our portfolio away from fashion-orientated retail and shopping centres; and maintaining intensive management of our assets.

CONSOLIDATED RESULTS

Our efforts over the last few difficult years have started to achieve results. The result attributable to LAP shareholders was close to breakeven (attributable loss £0.2 million as compared with £6.7 million last year) and our attributable net assets are now £29.7 million as compared with £29.9 million.

The consolidated property portfolio was valued at £66.9 million at year end 2021. With some £4.2 million of property sales during the year, the like for like comparison at year end 2020 is £66.8 million. This slight increase in valuation reflects capital expenditure invested of £1.0 million offset by valuation reductions of £0.9 million.

The lower overall valuation of £0.9 million resulted from a £1.75 million reduction on one shopping centre asset; a £0.8 million inventory impairment on a shopping centre redevelopment; an increase of £1.2 million (20.5%) in our industrial portfolio; and an increase in the remaining portfolio of community retail assets of £0.45 million (1.7%). It should be borne in mind that these valuations were undertaken at year end 2021 and the evidence suggests that values have improved since then. Also, the improvement in industrial property valuations and the greater resilience of community retail are encouraging as we transition the business away from retail shopping centres.

Pleasingly like for like rental income for the Group (excluding sold properties and bad debt charges) increased by £0.3 million (4.5%) to £5.9 million. These results reflect a stabilisation of rents being achieved on new lettings within the retail portfolio together with a reduction in the number and value of concessions being provided to tenants as a result of the pandemic.

Rental income resilience can also be seen in our occupancy levels, which were 96.0% at year end (2020: 92.2%). An industrial unit accounting for 1.0% of the current voids is now under offer. Rent collection levels have improved with 83% of Q1 2022 rents received to date compared to 53% at the corresponding time last year.

We have continued to cut company overheads during 2021, including moving head office to smaller premises. As previously reported, in 2019 we outsourced all of our day to day property management activity and consequently have fewer employees. We assigned the remainder of the lease on our old premises in November 2021, which means that the savings are yet to show in our figures: the annual saving will be £0.2 million.

DEBT MANAGEMENT

LAP has continued to maintain excellent relationships with its lenders and its record of never breaching a banking covenant remains intact. No loans expired or were renewed in 2021. In 2022 there will be two loan expiries, the £10 million debenture from Aviva, and the £13.3 million loan through QSix (formerly PMM), which is secured only against Orchard Square in Sheffield with no recourse to LAP. The latter loan has an option to extend for a further year subject to certain conditions.

LAP has engaged a debt advisor and has commenced the process of seeking new lenders.We will keep shareholders updated as the refinancing progresses.

LAP PROPERTY ACTIVITIES

Orchard Square, Sheffield

During 2021 we have made significant progress in repositioning this former shopping centre into a mixed use and experiential location in the heart of Sheffield. This has been facilitated by our joint venture with Market Asset Management ("MAM") through which we converted a former ladieswear shop and a Starbucks into a street food venue - Sheffield Plate - with six food retailers and two bars. It opened in September at a total cost to LAP of £0.4 million. All the units were let in advance of opening and there is a waiting list of operators. Income to LAP and MAM is based on 20% of the operators' turnover and we will receive 50% of all income once operating expenses are covered. LAP's net share of income from this venture is projected to be £0.1 million per annum.

As with hospitality venues across the country, trading in the important run-up to Christmas was badly hit by the Omicron variant. However, food sales are ahead of budget since the start of 2022. Further, reviews have been consistently good and a number of local publications (including the Sheffield Express and Star) have rated it the best food place in Sheffield.

Elsewhere in Orchard Square, we are working to complement Sheffield Plate by introducing further restaurants and bars. For example, and since year end, we are currently under offer to a restaurant at a rent of £56,000 per annum for the unit previously let to Fat Face. We received three offers from restaurants and expressions of interest from others which augurs well for repositioning the Square further away from traditional retail as other units become available. In addition, one of our original restaurant tenants is doubling the size of its unit. We are confident that tenants will trade well at Orchard Square.

We have engaged marketing specialists to introduce a range of events and activities within the Square to increase footfall and spend. The appeal to customers will be further enhanced by the weatherproofing that we will be installing during the next few months following the award of a grant from the Future High Street Fund in 2020. The grant will also be used to refurbish and re-brand Orchard Square. The rest of Orchard Square remains fully let with the exception of a unit being kept vacant as part of the creation of eight flats for which planning permission has been granted.

West Bromwich
Kings Square in West Bromwich remains fully let. We are currently under offer to sell this asset and further reduce the proportion of shopping centres within our portfolio. As is always the case when an asset is under offer, there is no guarantee that the other party will perform. However, the buyer is highly credible and the purchase is of strategic importance to it. The price agreed is in line with its valuation and we will keep shareholders informed as matters progress.

Runcorn
At Manor Park in Runcorn, we refurbished two units during 2021. The first of these was the largest in the portfolio at 38,500 sq ft. Although intending to relet the unit, we received and accepted an offer in May for the freehold of the unit at £2.35 million. The sale completed in September 2021.

The second unit (15,000 sq ft) has since been let at a rent equating to £5.50 per sq ft. The passing rent on our remaining units is sub-£5 per sq ft so this is a pleasing result and will have a positive effect on rent reviews going forward.

Disposals
We sold two further assets during 2021. The first of these was a pair of retail blocks in Radcliffe near Bury, Lancashire. These were sold in May for £1.8 million against a book value of £1.7 million. The cash receipts were placed on deposit to be reinvested. We also sold an arcade that formed part of a block in Rugeley, Staffordshire for £0.5 million, which was in line with book value. Although we exchanged unconditional contracts in December 2021, completion took place in January 2022. Proceeds were again reinvested.

Acquisition
Since year end we have acquired (for cash) four industrial units in Warrington for £2.37 million. The units are fully let and produce aggregate rent of £0.12 million per annum. However, we believe them to be reversionary and look forward to implementing our asset management plan.

West Ealing
We have now finalised all of the outstanding conditions attaching to the planning consent obtained at the end of 2020 for 56 flats and four retail units. This took longer than anticipated due to covid related absences at the local authority. Since year end we and our joint venture partners have instructed an agent to market this investment as consented land. There is no certainty that there will be a sufficiently attractive bid on this basis to induce us to sell, but interest so far has been strong. Our alternative course of action remains to build out the development. LAP owns 45% of the equity investment in this asset and has invested £1.5 million in total.

Purley
We have also worked with the same joint venture partners to acquire options on six semi-detached houses with large gardens in Purley, London. A planning application has since the year end been submitted for 44 flats and 4 town houses. We will update shareholders on progress in due course.

The remainder of our portfolio has performed well and remains effectively fully let.

DRAGON RETAIL PROPERTIES

Dragon owns a property in Clifton, Bristol let to Boots the Chemist and Lizard Lounge, one of Bristol's best-known nightclubs. After a difficult period during lockdown when neither tenant paid rent, we are pleased to report that rental payments have resumed.

Dragon's loan of £1.2 million from Santander expired in September 2020, although it has been extended several times as we have sought to refinance with a new lender following Santander's withdrawal from the retail property lending market. We are now in the due diligence process with another established lender and hope to complete a new loan in the near future.

BISICHI PLC

For 2021, Bisichi plc, our 42% owned subsidiary, made a profit before interest, tax, depreciation and amortisation (EBITDA) of £5.8 million (2020: loss: £2.4 million) and an operating profit before depreciation, fair value adjustments and exchange movements (Adjusted EBITDA) of £5.0 million (2020: loss: £1.1 million). £4.3 million in adjusted EBITDA was attributable to the second half of the year.

The most challenging priority for Bisichi was the continuity of its South African mining and processing operations, particularly during the peak of the Covid-19 pandemic. In early 2020, when global coal demand fell, the average weekly price of Free on Board (FOB) coal from Richards Bay Coal Terminal (API4 price) fell from a high of US$92 in January 2020 to $44 in mid-April 2020. Thereafter, prices remained largely supressed until the end of 2020. Under these very difficult circumstances, Bisichi worked to ensure that its South African operations continued operating in an efficient manner until global economic activity and markets improved.

As 2021 unfolded, the improvement in global economic activity had a significant impact on demand for coal in the international market, alleviating many of the challenges its South African operations faced in 2020. Strong demand for coal in the seaborne market resulted in significantly higher API4 prices, particularly in the second half of the year - when the price peaked at over $245 in October. Overall, the API4 price averaged $125 in 2021 compared to $65 in 2020. Despite constraints in transporting coal for export on the South African rail network which were largely beyond Bisichi's control, at Sisonke Coal Processing (our South African coal processing operation) it was able to take advantage of the improved international coal price by increasing export sales during the year to 320,000 metric tonnes (2020: 230,000 metric tonnes). The overall increase in revenue, operating costs and earnings during the year was mainly attributable to coal processing operations.

The overall performance of Bisichi's South African operations would have been even better if it had not encountered some difficult mining conditions at Black Wattle, its mining operation, which adversely impacted coal production during the period. Overall, the mine produced 1.04 million metric tonnes compared to 1.18 million metric tonnes in 2020.

During the year Bisichi continued to work closely with Vunani Mining, its BEE partner in Black Wattle, to seek further opportunities to extend the life of mine at Black Wattle. At the end of last year, Black Wattle signed an agreement to acquire an additional coal reserve contiguous to Black Wattle which required further drilling to ascertain its commercial viability and indicative size. Recently concluded geological assessment indicates an expected run of mine tonnage of 6.1 million metric tonnes. This reserve will be mined by opencast methods, the coal will be processed at Sisonke Coal Processing, and then sold into existing markets. This new reserve, which is subject to regulatory approval, will extend Black Wattle's life of mine to eight years. Vunani Mining played a key role in acquiring these reserves, and will share equally in any distributable income as part of their non-controlling interest in Black Wattle.

Looking forward, Bisichi expects its mining production to improve further once it completes its transition into new mining areas at Black Wattle in the first half of 2022. In addition, coal market conditions continue to improve. In the first quarter of this year, the weekly API4 price averaged $238 and exports from its South African operations in the same period have been in line with the average export tonnages achieved in 2021. However, looking beyond the first quarter, uncertainties remain, particularly with regard to the international coal price and the impact of constraints in transporting coal for export on the South African rail network.

In the UK, Bisichi saw annual rental revenue from its retail property portfolio remain stable in 2021 at £1.12 million (2020: £1.18 million). For the year ended 31 December 2021 Bisichi's directors have recommended an ordinary dividend of 4p (2020: Nil) per share and a special dividend of 2p (2020: Nil) per share. LAP will receive £0.3 million.

Finally, we would like to thank employees, advisors and stakeholders for their ongoing efforts and support.

Sir Michael Heller,
Chairman

John Heller,
Chief Executive

28 April 2022

STRATEGIC REPORT

Financial and performance review

The financial statements for 2021 have been prepared to reflect the requirements of IFRS 10. This means that the accounts of Bisichi PLC (a London Stock Exchange main market quoted company – BISI) ("Bisichi"), have been consolidated with those of LAP.

Bisichi continues to operate as a fully independent company and currently LAP owns only 41.52% of the issued ordinary share capital. However, because related parties also have shareholdings in Bisichi and there is a wide disposition of other shareholdings, LAP is deemed under IFRS 10 to have effective control of Bisichi for accounting purposes. This treatment means that the income and net assets of Bisichi are disclosed in full and the value attributable to the "non-controlling interest" (58.48%) is shown separately in the equity section as a non-controlling interest. There is no impact on the net assets attributable to LAP shareholders.

Dragon Retail Properties Limited ("Dragon") and West Ealing Projects Limited ("West Ealing"), are both 50:50 joint ventures with Bisichi and are also consolidated. A new joint venture, Development Physics Limited ("DPL") is owned 33% each by LAP, Bisichi and a third party. This too is consolidated.

Shareholders are aware that LAP is a property business with a significant investment in a listed mining company.

The effect of consolidating the results, assets and liabilities of the property business and the mining company make the figures complex and less transparent. Property company accounts are already subject to significant volatility as valuations of property assets as well as derivative liabilities can be subject to major movements based on market sentiment. Most of these changes, though, have little or no effect on the cash position and it is, of course, self-evident that cash flow is the most important factor influencing the success of a property business. We explain the factors affecting the property business first, clearly separating these from factors affecting the mining business which we do not manage. Comments about Bisichi (the mining business) are based on information provided by the independent management of that company.

This report comments on the performance of each of the Group's segments separately.

LONDON & ASSOCIATED PROPERTIES PLC

Our key objective is to ensure that we offer safe and secure environments in which people can live, work and visit.

LAP's core objectives in 2021 have continued to be:

- Provide environments in which tenants can thrive.
- Continually improve the business' operating cashflow.
- Reduce exposure to the retail sector.
- Ensure gearing is at an appropriate level.
- Maintain sufficient cash in the business to be able to take advantage of opportunities as they arise.

The last couple of years and the effects of the global pandemic have accelerated trends driving change in the way real estate is used by workers and the public. LAP's long-standing strategy of divestment away from shopping centres and towards industrial property has meant that these changes have not had a significant effect on the business. Our diversified portfolio has been resilient in 2021, with our industrial portfolio performing strongly, as has our community-based retail portfolio, serving local communities in the areas where they live and increasingly work.

In spite of the Government imposed moratorium on normal debt enforcement procedures, the business has received a significant proportion of rents due. Many of our tenants are owner managed businesses serving their local community. We do not have a significant exposure to large fashion led retailers who have been hardest hit by changing customer buying patterns. The below table outlines the proportion of rent receipts, by quarter billed, at 28 March 2022. The figures in brackets show those recovered at a similar time last year (21 April 2021). It is pleasing to note the improvement in rent receipts year on year.

PERIOD	% RECOVERY
Q2 2021 (Q2 2020)	93% (92%)
Q3 2021 (Q3 2020)	92% (91%)
Q4 2021 (Q4 2020)	92% (78%)
Q1 2022 (Q1 2021)	83% (53%)

Property Investment Activity

During 2021 two properties were sold further progressing our twin strategy of divesting away from retail property and recycling capital into areas where there is greater scope to increase value through asset management activities. We sold a retail portfolio in Radcliffe and a large single unit at our industrial property in Runcorn. These sales generated gross proceeds of £4.65 million and a net profit of £436,000.

In January 2022 part of the proceeds of these sales was reinvested and we completed the acquisition of an industrial property in Warrington for £2.37 million, where we feel there is significant rental and value growth available. £1 million has been placed on deposit with the lender who had the security over the Radcliffe property, awaiting deployment. In January 2022, we also completed the sale of a retail market in Rugeley with gross proceeds of £420,000, which is shown as a current asset in the Balance Sheet.

We will look to continue our diversification away from retail when opportunities arise that would enhance shareholder value.

LAP continues to look for investment opportunities, particularly within the industrial sector.

Property Development Activity

In 2020 and in early 2021, development activity was slowed due to the uncertainty around the cash requirements on the business arising as a result of the pandemic, but was restarted in Q2 2021.

In September 2021, we completed the development of a street food hub at our property in Sheffield, branded Sheffield Plate. This was an important step in the reposition of this asset towards a food and beverage led offering in Sheffield city centre.

Financial and performance review

We continue to progress our broader realisation plans for this property including creating potential residential opportunities.

LAP continues to develop and refurbish all its properties to provide environments in which tenants can thrive.

Our joint venture residential developments are discussed in more detail later in this review.

Funding
LAP has two loans reaching the end of their terms within the next twelve months, a 25 year debenture with Aviva of £10 million ending in August 2022 and a 3 year loan with Phoenix CRE S.à.r.l with a current principal outstanding of £13.3 million, ending in September 2022, with an option to extend to September 2023.

The Aviva debenture is secured with a mixture of industrial and community retail assets currently valued at £16.985 million.

We are in the process of refinancing this debenture with a lower cost medium term loan using the existing security alongside additional unencumbered industrial and community retail properties, currently valued at circa £2.8 million.

The Phoenix CRE S.à.r.l loan is secured against Orchard Square, Sheffield. There are currently a number of development activities being carried out at this property, which, as stated above, have been delayed due to the pandemic. So that we can complete the current development phases we will activate the loan's extension option, to enable us to maximise the value of this asset, prior to considering our options which include selling the asset and repaying this loan.

All of LAP's loans are covenant compliant.

INCOME STATEMENT

BUSINESS ANALYSIS	2021 £'000	2020 £'000
Rental income	**5,024**	4,377
Service charge income	**852**	795
Management income from third party properties	**18**	18
LAP Revenue	**5,894**	5,190
Direct property costs	**(2,181)**	(2,192)
Impairment of inventory	**(816)**	(2,300)
Overheads	**(2,345)**	(2,317)
Depreciation	**(241)**	(258)
Operating profit/(loss)	**311**	(1,877)
Finance income	**12**	5
Finance expenses	**(1,713)**	(2,200)
Result before valuation movements	**(1,390)**	(4,072)
Other segment items		
Net decrease on revaluation of investment properties	**(316)**	(664)
Profit on disposal of investment properties	**436**	-
Decrease in value of other investments	**-**	(20)
Loss on disposal of fixed assets	**(133)**	-
Adjustment to interest rate derivative	**130**	(200)
Revaluation and other movements	**117**	(884)
LAP loss for the year before taxation	**(1,273)**	(4,956)

Note: The figures exclude inter-company transactions.

The above figures for LAP and commentary below exclude management fee income from Bisichi and Dragon of £236,000 (2020: £236,000).

LAP generated an operating profit of £0.3 million (2020: loss of £1.9 million). A significant element of this result arises from the non-cash items of depreciation and inventory impairment. Adjusting for these, LAP generated an operating profit excluding depreciation and inventory impairment of £1.4 million (2020: £0.7 million). This is a pleasing outcome that we hope will continue with further asset management initiatives.

LAP generates the majority of its income from property rentals, property management fees and development activities.

Like for like rental income was up by £0.1 million (2.9%), which reflects a stabilisation of rents being achieved on new lettings within the retail portfolio together with a reduction in the number and value of concessions being provided to tenants as a result of the pandemic.

Further overhead initiatives in 2021 achieved a reduction in overheads of £0.3 million. However, staff costs have increased by £0.3 million in 2021, as compared with 2020 when no staff bonuses were paid, and the Chief Executive waived an element of his remuneration. The net effect is that overheads have not changed year on year.

While lending arrangements did not change materially from 2020 and interest paid on all facilities was similar to last year, a long standing provision of £0.5m for contingent interest was no longer required, resulting in a decrease in finance expenses.

Investment property valuation reductions of £0.3 million (2020: £0.7 million) arose from a decrease in retail property values of £1.5 million (2020: £1.9 million) and an increase in industrial property values of £1.2 million (2020: £1.2 million). In the 2021 valuation our community retail assets achieved an increase of £0.25 million but this was over-shadowed by a reduction of £1.75 million relating to one shopping centre in the West Midlands. This further strengthens our view that community retail investments are showing signs of recovery with the market differentiating between these assets (where there are low vacancy rates and competitive demand for space) and fashion focused retail investments.

While the loss on disposal of fixed assets of £0.1 million is small, it arose from our decision to move to smaller serviced offices and dispose of the remaining two years of our head office lease in Mayfair. This happened in November 2021 and will generate reductions in overhead costs in 2022 and beyond on both a cash and accounting basis of £0.2 million.

Excluding the impairment of trading properties, the adjusted loss before valuation movements was £0.6 million (2020: £1.8 million). This excludes management income from Bisichi and Dragon.

Producing a profit through the activities described above, combined with the refinancing of expensive long term debt in 2022 as well as generating more rental income, through ongoing asset management initiatives, remains the business' key focus for the future.

BALANCE SHEET

SEGMENT ASSETS	2021 £'000	2020 £'000
- Non-current assets – property	**28,386**	33,383
- Non-current assets – property, plant & equipment	**840**	797
Trading assets	**25,213**	25,013
- Cash & cash equivalents	**5,473**	3,413
- Current assets – others	**1,635**	978
Total assets excluding investment in joint ventures	**61,547**	63,584
Segment liabilities		
Borrowings	**(30,981)**	(30,889)
Current liabilities	**(5,172)**	(5,898)
Non-current liabilities	**(3,148)**	(3,526)
Total liabilities	**(39,301)**	(40,313)
Net assets	**22,246**	23,271

Note: The figures exclude inter-company transactions.

Total assets, consisting mainly of trading and investment properties, have reduced from £63.6 million to £61.5 million. This was due principally to an £0.8 million impairment reducing our Sheffield development property to net realisable value, an £0.3m reduction in the value of investment properties and using current assets to reduce liabilities by £1.0m.

The reduction in non-current property assets is mostly as a result of the sale of two properties during the year at a carrying value of £4.17 million along with a £0.3 million investment property revaluation deficit and the reclassification of an investment property carried at £0.75 million, as a current asset following a decision by Directors to sell the property before the year end.

The increase in property, plant and equipment relates to a change in the head office location of the Company. The lease comes to an end in 2024 at which point the asset will be fully depreciated. The present value of future rentals of £0.75 million is included within liabilities.

Trading assets include Sheffield Orchard Square, which is currently being developed for sale and two London residential developments in West Ealing and Purley. All of these properties are held at the lower of cost and net realisable value.

Borrowings have remained consistent year on year, with the same facilities in place at the end of the year as were in place at the start of the year.

LAP's main borrowings consist of a £13.3 million term loan facility expiring in September 2022, a debenture of £10 million repayable in August 2022 a £3.6 million term loan facility expiring in 2028 and a rolling development loan relating to West Ealing of £4.2 million that expires in April 2022 and is currently being refinanced with a new lender. As in previous years, all loans and debentures are secured on core property and are covenant compliant at the year end.

GEARING	2021 £'000	2020 £'000
Total borrowings	30,981	30,889
Less cash and cash equivalents	(5,473)	(3,413)
Net borrowings	**25,508**	27,476
Total Equity	**22,246**	23,271
	114.7%	118.1%

The business has not set a target gearing level but monitors its debt and asset values constantly to maintain an appropriate level, taking into account market sentiment, the availability and cost of debt and cash flow forecasts.

CASH FLOW

CASH FLOW FROM OPERATIONS	2021 £'000	2020 £'000
Cash inflows from operating activities	**398**	250
Cash inflows/(outflows) from investing activities	**4,141**	(300)
Cash outflows from financing activities	**(2,479)**	(2,246)
Net increase/(decrease) in cash and cash equivalents	**2,060**	(2,296)
Cash and cash equivalents at 1 January	**3,413**	5,709
Cash and cash equivalents at 31 December	**5,473**	3,413

Note: The figures within the LAP cashflow include inter-company transactions such as management fee income of £236,000 (2020: £236,000).

Cash inflows from operating activities take account of expenditure on development properties of £1.0 million (2020: £0.4 million). Excluding this expenditure, adjusted cash inflows from operating expenditure were £1.4 million (2020: £0.6 million). A significant proportion of this improvement has arisen following the lifting of pandemic trading restrictions and subsequent improvement in rents received.

Investing activities include the sale of two properties, as discussed above, for net proceeds of £4.1 million received in the year.

A further £0.4 million of proceeds relating to the sale of one of the properties, will be received over the next two years.

Financing activities in 2021 largely related to interest payments for the servicing of debt, no significant new finance has been put in place over the past two years. In 2021 loans on investment properties were paid down by £0.6 million (2020: £0.2 million) and receipts from loans on development properties were £0.5 million (2020: £0.1 million).

WEST EALING PROJECTS LIMITED

West Ealing is a 50:50 joint venture between LAP and Bisichi created with the purpose of delivering a primarily residential development in West Ealing, London. The joint venture owns 90% of the property which is under development and on which £7.48 million has been spent to date (2020: £7.06 million), West Ealing is disclosed within LAP in the segmental analysis in note 1 to the financial statements. There is a linked development loan of £4.20 million (2020: 4.03 million), described further in note 18. Planning permission is held for the creation of 56 new residential apartments and ground floor shops on the site.

DEVELOPMENT PHYSICS LIMITED

Development Physics is a 1/3:1/3:1/3 joint venture between LAP, Bisichi and Metroprop Real Estate, set up in the year, with the purpose of delivering a residential development of 44 flats and 4 town houses in Purley, London. Development Physics acquired a series of options on the site and has registered for planning permission for its development. £0.2 million has been spent to date on the development.

BISICHI PLC

Although the results of Bisichi PLC have been consolidated in these financial statements, the Board of LAP has no direct influence over the management of Bisichi. The comments below are based on the published accounts of Bisichi.

The Bisichi group results are stated in full in its published 2021 financial statements which are available on its website www.bisichi.co.uk.

Bisichi has two core revenue streams – investment in retail property in the UK and coal mining in South Africa.

The Bisichi group's profit before tax was £2.8 million (2020: loss £4.9 million). The movement compared to the prior year can be attributed mainly to higher prices achieved for coal and higher coal sale volumes in the second half of the year.

UK retail property investments were valued at the year end at £10.70 million (2020: £10.47 million). The property portfolio is actively managed by LAP and generated rental income of £0.9 million in the year (2020: £0.9 million).

Bisichi has a structured trade finance facility with Absa Bank Limited for R85 million held by Sisonke Coal Processing (Pty) Limited, a 100% subsidiary of Black Wattle Colliery (Pty) Limited. This facility comprises of an R85 million revolving facility to cover the working capital requirements of the group's South African operations. The facility is renewable annually on 25 January and is secured against inventory, debtors and cash that are held in the group's South African operations.

Bisichi holds a 5 year term facility of £3.9 million with Julian Hodge Bank Limited at an initial LTV of 40%, with the loan being secured against the company's UK retail property portfolio. The amount repayable on the loan at year end was £3.8 million (2020: £3.8 million). The debt package has a five-year term and is repayable at the end of the term in December 2024. The interest cost of the loan is 4.00% above Bank of England base rate. The loan is secured by way of a first charge over the investment properties in the UK which are included in the financial statements at a value of £10.5 million. No banking covenants were breached by Bisichi during the year.

Bisichi's cash and cash equivalents increased during the year by £1.5 million (2020: decrease of £4.1 million). After taking into account an exchange gain of £0.1 million (2020: £0.2 million) on the translation of year end net balance of cash and cash equivalents that were held in South African Rands, the net balance of cash and cash equivalents (including bank overdrafts) at year end was a cash positive amount of £0.5 million (2020: cash negative of £1.1 million).

Bisichi has considerable financial resources available at short notice including cash and cash equivalents (excluding bank overdrafts) of £3.0 million (2020: £3.7 million) and listed investments of £4.3 million (2020: £2.6 million) as at year end. The above financial resources total £7.3 million (2020: £6.4 million).

Bisichi's net assets at 31st December 2021 were £16.7 million (2020: £14.9 million), with a profit after tax of £1.7 million and exchange gains of £0.1 million.

Bisichi continues to seek to expand its operations in South Africa through the acquisition of additional coal reserves. In the UK, Bisichi is looking forward to progressing its development in West Ealing and Development Physics as well as expanding on its equity investment portfolio. This is in line with Bisichi's overall strategy of balancing the high risk of mining operations with a dependable cash flow and capital appreciation from UK property investment operations and equity investments.

DRAGON RETAIL PROPERTIES LIMITED

Dragon is a UK property investment company. The company has a Santander bank loan of £1.2 million secured against its investment property, see note 18, which was covenant compliant at the end of the year.

The loan originally expired in October 2020 but has been extended to April 2022, and the lender has offered to extend this further if required. We have agreed terms with a new lender to refinance this loan in full and are expecting to complete this shortly.

Dragon paid management fees of £72,000 (2020: £72,000) split equally between the two joint venture partners. Dragon has net assets of £1.3 million (2020: £1.3 million). Dragon continues to trade at near break even after tax.

ACCOUNTING JUDGEMENTS AND GOING CONCERN

The most significant judgements made in preparing these accounts relate to the carrying value of the properties and investments. The Group uses external property valuers to determine the fair value of most of its properties.

Under IFRS10 the Group has included Bisichi PLC in the consolidated accounts, as it is deemed to be under the effective control of LAP and has therefore been treated as a subsidiary.

The Directors exercise their commercial judgement when reviewing the Group's cash flow forecasts and the underlying assumptions on which the forecasts are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman's Statement and Chief Executive's Review and in this Report. Further disclosure of specific factors affecting going concern are discussed in more detail in the going concern section of the group accounting policies section of the financial statements. In addition, the Directors consider that Note 21 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk, liquidity risk and other risks.

STATEMENT REGARDING SECTION 172 OF THE UK COMPANIES ACT

Section 172 of the UK Companies Act requires the Board to report on how the directors have had regard to the matters outlined below in performing their duties. During the year, the Directors consider that they have acted in a way, and have made decisions that would most likely promote the success of the Group for the benefit of its members as a whole as outlined in the matters below:

- The likely consequences of any decision in the long term: see Principal Activity, Strategy & Business Model and Risks and Uncertainties on pages 10 to 11;
- The interests of the Group's employees; ethics and compliance; fostering of the Company's business relationships with suppliers, customers and others; and the impact of the Group's operations on the community and environment: see Corporate Responsibility and Sustainability reports on pages 13 to 14;
- The need to act fairly between members of the Company: see the Corporate Responsibility section on pages 13 to 14;
- The desirability of maintaining a reputation for high standards of business conduct: see the Corporate Governance section on pages 19 to 20.

GOING CONCERN

LAP

In reviewing going concern it is necessary to consider separately the position of LAP Group and Bisichi. Although both are consolidated into group accounts (as required by IFRS 10), they are managed independently and in the unlikely event that Bisichi was unable to continue trading this would not affect the ability of LAP Group to continue operating as a going concern. The same would be true for Bisichi in reverse.

The directors have reviewed the cash flow forecasts of the LAP Group and the underlying assumptions on which they are based for the 15 months from the date of signing. The LAP Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman and Chief Executive's Statement and Financial Review. In addition, Note 21 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Directors assess the longer term prospects of the business over a four year time horizon as covered by the Group's annual rolling four-year strategic financial plan. This is considered to be the optimum balance between our need to plan for the long term, recognising that property investment is a long-term business, and the progressively unreliable nature of forecasting in later years.

There are two significant loans expiring in the second half of 2022 that directors fully anticipate will be refinanced in full and on time. This is discussed further in the Going Concern section of the Accounting Policies and Note 21 to the financial statements.

As our tenants return to more normalised trading conditions following the lifting of all restrictions imposed in response to the pandemic, we do not consider uncertainty arising specifically as a result of the pandemic to be a going concern risk. Tenant arrears increased as a result of the pandemic but this effect is not ongoing.

Bisichi

Detailed budget and cash flow forecasts for Bisichi's operations demonstrate that Bisichi has sufficient resources to meet its liabilities as they fall due for at least the next 12 months and that Bisichi will be able to manage its business risks and have adequate cash resources to continue in operational existence for the foreseeable future. Further details can be found in the Bisichi plc 2021 Financial Statements which are available on their web site: www.bisichi.co.uk.

Overall Position

With a quality property portfolio comprising a majority of tenants with long leases supported by suitable financial arrangements, the Directors believe that the group property operations (including Bisichi and Dragon) are well placed to address the current business risks successfully, despite the continuing uncertain economic climate. The mining operations too, as a key industry in South Africa, have a positive future. It is also relevant that LAP would be able to continue as a viable business if Bisichi were to face unexpected problems as there are no cross guarantees and LAP is not dependent on the income from Bisichi.

Having made enquiries and having considered the principal risks facing the Group, including liquidity and solvency risks, and material uncertainties, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

TAXATION

The LAP Group tax strategy is to account for tax on an accurate and timely basis. We only structure our affairs based on sound commercial principles and wish to maintain a low tax risk position. We do not engage in aggressive tax planning.

The LAP Group (excluding Bisichi and Dragon) has unused tax losses and deductions with a potential value of £11.1 million (2020: £8.0 million). As LAP returns to profit, these tax losses and deductions should be utilised.

DIVIDENDS AND FUTURE PROSPECTS

Due to the current economic uncertainties, the LAP Board has agreed that it will not be recommending a dividend for the financial year ending 31 December 2021 (2020: £nil).

Looking forwards to medium term trading, we intend to pursue our previously stated strategies. These include further reducing the Group's reliance on shopping centres although we feel that our value-orientated properties with low reliance on fashion retailers have inbuilt defensive qualities. We do not need to fire-sell assets therefore, but we are prepared to enter into negotiations with parties that have approached us to explore disposals or joint ventures to redevelop certain assets within our portfolio. A number of these negotiations are ongoing although we are not yet able to say if any will come to fruition. A retail market in Rugeley was sold for gross proceeds of £520,000 in January 2022.

We will also pursue our policy of investing in other asset classes, including industrial property where we have enjoyed success and in further joint ventures to undertake residential development. Our development in Ealing has received planning consent and options for either building out the development or seeking to sell our shares in the joint venture are being considered currently. Our development in Purley is currently in the planning stage. We acquired an industrial property in Warrington in January 2022 for £2.37 million, which we believe has potential for both value and rental growth.

We continue to progress the development of the Sheffield shopping centre. Planning permission has been granted for 8 apartments above ground floor level to be built in a space previously used for property management activities and not income producing. We are planning to commence the development of the central square to enable year-round activities to further support all of the tenants at the property, particularly the new street food operation, Sheffield Plate, completed this year and other new food, beverage and entertainment venues at the property. Both of these developments have been allocated funding by the local council.

Bisichi

In the first quarter of 2022, the API4 price average was $238 and exports from Bisichi's South African operations in the first quarter of 2022 have been in line with the average export tonnages achieved in 2021. The API4 price averaged $125 in 2021 compared to $65 in 2020.

However, looking beyond the first quarter, uncertainties remain, particularly in regard to the sustainability of the higher international coal price and the impact of continued constraints in transporting coal for export on the South African rail network.

Bisichi continues to seek opportunities to expand its operations in South Africa through the acquisition of additional coal reserves.

Principal activities, strategy & business model

The LAP Group's principal business model is the investment in and management and development of industrial and retail property through direct investment and joint ventures.

The principal activity of Bisichi PLC is coal mining in South Africa. Further information is available in its 2021 Financial Statements which are available on their web site: www.bisichi.co.uk

STRATEGIC PRIORITIES ARE	OUR STRATEGY IS
Maximising income	By achieving an appropriate tenant mix and providing vibrant environments with excellent facilities we can increase tenant demand for space and enhance income.
Creating quality property	We look to improve the tenant experience at all our properties by achieving an appropriate tenant mix and a vibrant trading environment through investment activity, enhancement, refurbishment and development.
Capital strength	We operate within a prudent and flexible financial structure. Our gearing policy provides financial stability whilst giving capacity and flexibility to look for further investments.
Maintain the value of investment in Bisichi	By encouraging the Bisichi management to maximise sustainable profits and cash distributions.

Risks and uncertainties

DESCRIPTION OF RISK	DESCRIPTION OF IMPACT	MITIGATION
Pandemic risk	Health and safety of employees and stakeholders. Risks related to business interruption and tenant failures as outlined below.	Strategies for mitigating the risks have been defined and specific measures are in place.
ASSET MANAGEMENT:		
Tenant failure	Financial loss.	Initial and subsequent assessment of tenant covenant strength combined with an active credit control function.
Leases not renewed	Financial loss.	Lease expiries regularly reviewed. Experienced teams with strong tenant and market knowledge who manage appropriate tenant mix.
Asset liquidity (size and geographical location)	Assets may be illiquid and affect flexing of balance sheet.	Regular reporting of current and projected position to the Board with efficient treasury management.
PEOPLE:		
Retention and recruitment of staff	Unable to retain and attract the best people for the key roles.	Nomination Committee and senior staff review skills gaps and succession planning. Training and development offered.
REPUTATION:		
Business interruption	Loss in revenue. Impact on footfall. Adverse publicity. Potential for criminal/civil proceedings.	Documented Recovery Plan in place. General and terrorism insurance policies in place and risks monitored by trained security staff. Health and Safety policies in place. CCTV in centres.
FINANCING:		
Fluctuation in property values	Impact on covenants and other loan agreement obligations.	Secure income flows. Regular monitoring of LTV and IC covenants and other obligations. Focus on quality assets.
Reduced availability of borrowing facilities	Insufficient funds to meet existing debts/ interest payments and operational payments.	Efficient treasury management. Loan facilities extended where possible. Regular reporting of current and projected position to the Board.
Loss of cash and deposits	Financial loss.	Only use a spread of banks and financial institutions which have a strong credit rating.
Fluctuation of interest rates	Uncertainty of interest rate costs.	Manage derivative contracts to achieve a balance between hedging interest rate exposure and minimising potential cash calls.

Bisichi risks and uncertainties

Bisichi (although it is consolidated into group accounts as required by IFRS 10) is managed independently of LAP. The risks outlined below are an abbreviated summary of the risks reported by the Directors of Bisichi to the shareholders of that Company. Full details are available in the published accounts of Bisichi (www.bisichi.co.uk).

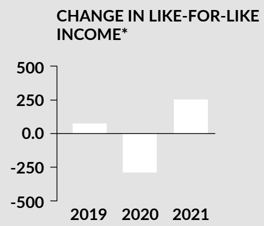
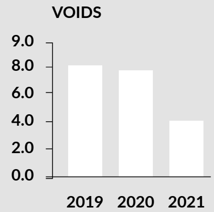
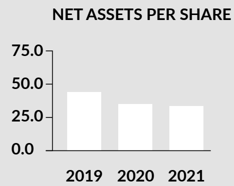
These risks, although critical to Bisichi, are of less significance to LAP which only has a minority investment of 41.52% in the company. In the unlikely event that Bisichi was unable to continue trading, it would not affect the ability of LAP to continue operating as a going concern.

DESCRIPTION OF RISK	DESCRIPTION OF IMPACT	MITIGATION
Coal prices can be impacted materially by market and currency variations, geopolitical and pandemic factors	Affects sales value and therefore margins.	Bisichi primarily focuses on managing its underlying production and processing costs to mitigate coal price volatility as well as from time to time entering into forward sales contracts with the goal of preserving future revenue streams. The Group has not entered into any such contracts in 2020 and 2021. Bisichi assesses on an ongoing basis the impact that the pandemic, geo-political events in Ukraine, regulatory changes related to climate change and governmental CO_2 emission commitments may have on the Group's mining operations and future investment decisions.
Mining operations are inherently risky. Mineral reserves, regulations, licensing, power availability, health and safety can all damage operations	Loss of production causing loss of revenue.	Use of geology experts, careful attention to regulations, health and safety training, employee dialogue to minimise controllable risks.
Currency risk	Affects realised sales value and therefore margins.	Regular monitoring and review of forward currency situation.
Cashflow variation because of mining risks, commodity price or currency variations	Variations can deliver significant shifts in cash flow.	UK property investments used to offset high risk mining operations.

There has been no change in the risks faced by either LAP or Bisichi.

Key performance indicators

The Group's Key Performance Indicators are selected to ensure clear alignment between its strategy and shareholder interests. The KPIs are calculated using data from management reporting systems.

STRATEGIC PRIORITY	KPI	PERFORMANCE	
MAXIMISING INCOME – LIKE FOR LIKE PROPERTY INCOME			
To increase the like-for-like income from each property year on year.	Like-for-like rental income as a percentage of the prior year rental.	The like-for-like rental income of the group by property has increased by £253,000 (4.5%) (2020: decrease of £258,000 and 5.3%). In the continuing difficult trading environment, this is considered positive.	
MAXIMISING INCOME – OCCUPANCY			
We aim to maximise the total income in our properties by achieving full occupancy.	The estimated rental value ("ERV") of the empty units as a percentage of our total income.	Void levels decreased to 3.97% (2020: 7.85%). In 2021, 1.17% of these are attributable to refurbishment activities (2020: 4.27%). Void levels excluding refurbishment activities of 2.8% (2020: 3.6%) is considered positive.	
CAPITAL STRENGTH – GROWTH IN NET ASSET VALUE PER SHARE			
The net assets per share is the principal measure used by the group for monitoring its performance and is an indicator of the level of reserves available for distribution by way of dividend.	Movement in the net assets per share.	The net assets per share reduced by 0.21 pence per share (0.6%) to 34.78p (2020: 34.99p). This is a satisfactory result.	

Corporate responsibility

SUSTAINABLE DEVELOPMENT

Bisichi's Black Wattle continues to strive to conduct business in a safe, environmentally and socially responsible manner. Some highlights of their Health, Safety and Environment performance during 2021:

- Black Wattle Colliery recorded two Lost time Injuries during 2021 (2020: One).
- No cases of Occupational Diseases were recorded.
- Zero claims for the Compensation for Occupational Diseases were submitted.

In South Africa, the new government regulated Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2020 (New Mining Charter) came into force from March 2020. The New Mining Charter is a regulatory instrument that facilitates sustainable transformation, growth and development of the mining industry. Bisichi is committed to fully complying with the New Mining Charter and providing adequate resources to this area in order to ensure opportunities are expanded for historically disadvantaged South Africans (HDSAs) to enter the mining and minerals industry. In addition, Bisichi continue to adhere to and make progress in terms of their Social and Labour Plan and various BEE initiatives. A fuller explanation of these can be found in Bisichi's 2021 Financial Statements which are available on their web site: www.bisichi.co.uk

GREENHOUSE GAS REPORTING

As a quoted organisation incorporated in the UK, we have reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 for the period 1st January 2021 to 31st December 2021.

The emissions are detailed in Tables 1, 2 and 3 below.

We have employed the Financial Control definition to outline our carbon footprint boundary, reporting Scope 1 & 2 emissions only for both landlord & tenant-controlled areas of LAP owned properties and facilities.

LAP has landlord-controlled areas in Kings Square, Orchard Square, Brewery Street, Shipley, and Bridgend. Properties that LAP manage on behalf of others or are not wholly owned by LAP are excluded from our footprint boundary. An estimate of the emissions associated with the LAP offices on Bruton Place has been included in this year's calculations.

Emissions for landlord-controlled areas have been calculated based on actual consumption data collected from each property. Emissions from tenant-controlled areas have been calculated based on floor area and energy consumption benchmarks for general retail services in the UK.

We have used the main requirements of the ISO14064-1 standard and HM Government Environmental Reporting Guidelines (2019) including streamlined energy and carbon reporting guidance. Emission factors were from the UK Government's GHG Conversion Factors for Company Reporting 2021.

As well as reporting Scope 1 and Scope 2 emissions, the regulations require that at least one intensity ratio is reported for the given reporting period. The intensity figure below shows emissions in tCO_2e per thousand pounds revenue.

Energy efficiency

Due to the impacts of the pandemic, LAP have not implemented any energy efficiency programs or specific measures during the 2021 year.

1 ISO14064-1:2018 - Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

Table 1. Landlord & tenant controlled areas

	EMISSIONS SOURCE tCO_2e	2021	2020	CHANGE
Scope 1 emissions	Natural gas	**59**	38	55%
	Refrigerants	**0**	0	n/a
Scope 2 emissions	Electricity	**1,443**	1,523	-5%
	Total tCO_2e	**1,502**	1,561	-4%
	Intensity ratio (tCO_2e/£k)	**0.289**	0.299	

Table 2. LAP controlled areas

	EMISSIONS SOURCE tCO_2e	2021	2020[2]	CHANGE
Scope 1 emissions	Natural gas	**57**	38	52%
	Refrigerants	**0**	0	n/a
Scope 2 emissions	Electricity	**115**	64	80%
	Total tCO_2e	**172**	101	70%

[2] Totals differ due to rounding

Table 3. Tenant controlled areas

	EMISSIONS SOURCE tCO_2e	2021	2020	CHANGE
Scope 1 emissions	Natural gas	**1**	0	n/a
	Refrigerants	**0**	0	n/a
Scope 2 emissions	Electricity	**1,330**	1,459	-8.9%
	Total tCO_2e	**1,331**	1,459	-8.8%

Table 4. Coal mining carbon footprint

	2021 CO_2E TONNES	2020 CO_2E TONNES
Emissions source:		
Emissions from the combustion of fuel or the operation of any facility including fugitive emissions from refrigerants use	**41,960**	46,162
Emissions resulting from the purchase of electricity, heat, steam or cooling by the company for its own use (location based)	**12,040**	12,482
Total gross emissions/tCO_2e	**54,000**	58,644
Intensity:		
Intensity 1 Tonnes of CO_2 per pound sterling of revenue	**0.0011**	0.0020
Intensity 2 Tonnes of CO_2 per pound of coal produced	**0.0516**	0.0497

	KWH	KWH
Energy consumption used to calculate above emissions	**83,079,614**	N/A
Of which UK	**10,186**	N/A

ENVIRONMENT

United Kingdom

The Group's principal UK activity is property investment, which involves renting premises to commercial businesses. We seek to provide those tenants with good quality premises from which they can operate in an efficient and environmentally friendly manner. Where possible, improvements, repairs and replacements are made in an environmentally efficient manner and waste re-cycling arrangements are in place at all the Company's locations.

South Africa

The Bisichi group's principal activity in South Africa is coal mining. Under the terms of the mine's Environmental Management Programme approved by the Department of Mineral Resource ("DMR"), Black Wattle undertakes a host of environmental protection activities to ensure that the approved Environmental Management Plan is fully implemented. A performance assessment audit was conducted to verify compliance to their Environmental Management Programme and no significant deviations were found.

EMPLOYEE, SOCIAL, COMMUNITY AND HUMAN RIGHTS

The Group's policy is to attract staff and motivate employees by offering competitive terms of employment. The Group provides equal opportunities to all employees and prospective employees including those who are disabled and operates in compliance with all relevant national legislation.

The Group believes that it is in the interest of shareholders to consider social and human rights issues when conducting business. Various policies and initiatives implemented by the Group that fall within these areas are discussed within this report.

ANTI-SLAVERY AND HUMAN TRAFFICKING

The Group is committed to the prevention of the use of forced labour and has a zero tolerance policy for human trafficking and slavery.

The Group's policies and initiatives in this area can be found within the Group's Anti-slavery and human trafficking statement found on the Group's website at www.lap.co.uk.

DIVERSITY AND EQUALITY

The Board recognises the importance of diversity, both in its membership, and in the Group's employees. It has a clear policy to promote diversity across the business. The Board considers that quotas are not appropriate in determining its composition and has therefore chosen not to set targets. All aspects of diversity, including but not limited to gender, are considered at every level of recruitment. Gender diversity of the Board and the Group is set out below.

DIRECTORS, EMPLOYEES AND GENDER REPRESENTATION

At the year end the LAP Group (excluding Bisichi and Dragon), had 6 directors (6 male, 0 female), 2 senior managers (1 male, 1 female) and 11 employees (7 male, 4 female).

BISICHI PLC

In terms of directors, employees and gender representation, at the year end the Group had 9 directors (8 male, 1 female), 6 senior managers (5 male, 1 female) and 229 employees (160 male, 69 female).

Detailed information relating to the Bisichi Strategic Report is available in its 2021 financial statements.

Approved on behalf of the board of directors

Jonathan Mintz
Finance Director

28 April 2022

GOVERNANCE

Directors & advisors

EXECUTIVE DIRECTORS

Sir Michael Heller MA FCA*
(Chairman)

John A Heller LLB MBA
(Chief Executive)

Jonathan Mintz FCA
(Finance Director)

NON-EXECUTIVE DIRECTORS

Howard D Goldring BSC (ECON) ACA†
Howard Goldring was, until 2020, Executive Chairman of Alberon Holdings Limited which specialises in the discretionary management of investment portfolios for pension funds, charities, family trusts and private clients. He also acted as an advisor providing high level asset allocation advice to family offices and pension schemes. He has been a member of the LAP Board since July 1992, and has over 40 years' experience of the real estate market. He was a director of Baronsmead VCT 2 PLC from 2010-2016, and has specialised in providing many companies with investor relations support.

Clive A Parritt FCA CF FIIA#†
Clive Parritt joined the board on 1 January 2006. He is a chartered accountant with over 40 years' experience of providing strategic, financial and commercial advice to businesses of all sizes. He is a director of Brown Advisory US Smaller Companies plc and a member of the Performance, Audit and Risk Committee of Arts Council England. Until April 2016 he was Group Finance Director of Audiotonix Limited (an international manufacturer of audio mixing consoles). He has chaired and been a director of a number of other public and private companies. Clive Parritt was President of the Institute of Chartered Accountants in England and Wales in 2011-12. He is Chairman of the Audit Committee and as Senior Independent Director he chairs the Nomination and RemunerationCommittees.

Robin Priest MA
Robin Priest joined the board on 31 July 2013. He is a senior advisor to Alvarez & Marsal LLP ("A&M") and to a major listed German real estate investment fund manager. He has more than 38 years' experience in real estate and structured finance. He was formerly Managing Director of A&M's real estate practice, advising private sector and public sector clients on both operational and financial real estate matters. Prior to joining A&M, Robin was lead partner for Real Estate Corporate Finance in London with Deloitte LLP and before this he founded and ran a property company backed by private equity. He is also a trustee of London's Oval House Theatre.

* Member of the nomination committee
† Member of the audit, remuneration and nomination committees
\# Senior independent director

SECRETARY & REGISTERED OFFICE

Jonathan Mintz FCA
2nd Floor, 12 Little Portland Street,
London W1W 8BJ

AUDITOR

Kreston Reeves LLP

PRINCIPAL BANKERS

Phoenix CRE Sàrl

Santander UK plc

Metro Bank plc

SOLICITORS

Pinsent Masons LLP

Wake Smith Solicitors Limited

STOCKBROKER

Shore Capital Markets Limited

REGISTRARS & TRANSFER OFFICE

Link Group
Shareholder Services
The Registry
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

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International telephone: +44 371 664 0300

(Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate).

Lines are open between 9.00am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

Website: www.linkassetservices.com
Email: enquiries@linkgroup.co.uk

Company registration number
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WEBSITE

www.lap.co.uk

E-MAIL

admin@lap.co.uk

Directors' report

The Directors submit their report and the audited financial statements for the year ended 31 December 2021.

STRATEGIC REPORT

A comprehensive review and assessment of the Group's activities during the year as well as its position at the year end and prospects for the forthcoming year are included in the Chairman's Statement and Chief Executive's Review and the Strategic Report. These reports can be found on pages 2 to 14 and should be read in conjunction with this report.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were property investment and development, as well as investment in joint ventures and an associated company. The associated company is Bisichi PLC (Bisichi) in which the Company holds a 41.52 % interest. Bisichi is listed on the main market of the London Stock Exchange and operates in England and South Africa with subsidiaries which are involved in overseas mining and mining investment. The results, together with the assets and liabilities, of Bisichi are consolidated with those of LAP in accordance with the terms of IFRS 10 even though the Group only has a minority interest – under IFRS 10 the 58.48% majority interest is disclosed as a "non-controlling interest".

BUSINESS REVIEW AND POST BALANCE SHEET EVENTS

Review of the Group's development and performance

A review of the Group's development and performance can be found below and should be read in conjunction with the Strategic Report on pages 5 to 14.

Details of any post balance sheet events are disclosed in Note 29 to the financial statements.

FUTURE DEVELOPMENTS

The Group continues to look for new opportunities to acquire real estate assets where it feels it can increase value by applying its intensive management skills. At the same time, it seeks to reduce its interest payments on its loans as they expire or where opportunities arise to refinance on better terms. We also seek to improve our existing estate through the continued pursuit of asset management initiatives.

PROPERTY ACTIVITIES

The Group is a long-term investor in property. It acquires properties, actively manages those assets to improve rental income, and thus seeks to enhance the value of its properties over time. In reviewing performance, the principal areas regularly monitored by the Group include:

- **Rental income** – the aim of the Group is to maximise the maintainable income from each property by careful tenant management supported by sympathetic and revenue enhancing development. Income may be affected adversely by the inability of tenants to pay their rent, but careful monitoring of rent collection and tenant quality helps to mitigate this risk. Risk is also minimised by a diversified tenant base, which should limit the impact of the failure of any individual tenant.
- **Developments** – the Group develops customer-focused spaces to generate returns and portfolio income growth above that available from standing investments alone.
- **Cash flow** – allowing for voids, acquisitions, development expenditure, disposals and the impact of operating costs and interest charges, the Group aims to maintain a positive cash flow over time.
- **Financing costs** – the exposure of the Group to interest rate movements is managed partly by the use of swap and cap arrangements (see Note 21 for full details of the contracts in place) and also by using loans with fixed terms and interest rates. These arrangements are designed to ensure that our interest costs are known in advance and are always covered by anticipated rental income.
- **Property valuations** – market sentiment and economic conditions have a direct effect on property valuations, which can vary significantly (upwards or downwards) over time. Bearing in mind the long term nature of the Group's business, valuation changes have little direct effect on the ongoing activities or the income and expenditure of the Group. Tenants generally have long term leases, so rents are unaffected by short term valuation changes. Borrowings are secured against property values and if those values fall very significantly, this could limit the ability of the Group to develop the business using external borrowings. The risk is minimised by trying to ensure that there is adequate cover to allow for fluctuations in value on a short term basis.

It continues to be the policy of the Group to realise property assets when the valuation of those assets reaches a level at which the directors consider that the long-term rental yield has been reached. The Group also seeks to acquire additional property investments on an opportunistic basis when the potential rental yields offer scope for future growth.

INVESTMENT ACTIVITIES

The investments in joint ventures and Bisichi are for the long term.

LAP manages the UK property assets of Bisichi. However, the principal activity of Bisichi is overseas mining investment (in South Africa). While IFRS 10 requires the consolidation of Bisichi, the investment is held to generate income and capital growth over the longer term. It is managed independently of LAP and should be viewed by shareholders as an investment and not a subsidiary. The other listed investments are held as current assets to provide the liquidity needed to support the property activities while generating income and capital growth.

Investments in property are made through joint ventures when the financing alternatives and spreading of risk make such an approach desirable.

DIVIDEND

In the light of the current uncertain economic environment, the directors are not recommending payment of a final dividend for 2021 (2020: Nil per share).

THE COMPANY'S ORDINARY SHARES HELD IN TREASURY

At 31 December 2021, 216,715 (2020: 218,197) ordinary shares were held in Treasury with a market value of £26,006 (2020: £17,456).

Treasury shares held at 1 January 2021	**218,197**
at 31 December 2021	**216,715**

1,482 shares were issued to employees in the year in place of cash for dividends associated with shares held within the share incentive plan.

Treasury shares are not included in issued share capital for the purposes of calculating earnings per share or net assets per share and they do not qualify for dividends payable.

INVESTMENT PROPERTIES

The freehold and long leasehold properties of the Company, its subsidiaries, Dragon and Bisichi were revalued as at 31 December 2021 by independent professional firms of chartered surveyors – Allsop LLP, London (72.3 per cent of the portfolio), Carter Towler, Leeds (27.7 per cent). The valuations, which are reflected in the financial statements, amount to £37.9 million (2020: £42.6 million).

Property of £25.7 million (2020: £25.0 million) is included under current assets, with £25.2 million of inventory (2020: £25.0 million), at the lower of cost or net realisable value and £0.5 million as assets held for sale (2020: £nil), at the net sale proceeds on completion of the sale in January 2022.

Taking account of prevailing market conditions, the valuation of the properties at 31 December 2021 resulted in a decrease of £0.1 million (2020: decrease of £2.3 million). The proportion of this revaluation attributable to the Group (net of taxation) is reflected in the consolidated income statement and the consolidated balance sheet.

FINANCIAL INSTRUMENTS

Note 21 to the financial statements sets out the risks in respect of financial instruments. The board reviews and agrees overall treasury policies, delegating appropriate authority for applying these policies to the Chief Executive and Finance Director. Financial instruments are used to manage the financial risks facing the Group and speculative transactions are prohibited. Treasury operations are reported at each board meeting and are subject to weekly internal reporting. Hedging arrangements are in place for the Company, its subsidiaries and joint ventures in order to limit the effect of higher interest rates upon the Group. Where appropriate, hedging arrangements are covered in the Chairman and Chief Executive's Statement and the Financial Review.

DIRECTORS

Sir Michael Heller, J A Heller, J Mintz, H D Goldring, C A Parritt and

R Priest were Directors of the company for the whole of 2021.

Sir Michael Heller, H D Goldring and J Mintz are retiring by rotation at the Annual General Meeting in 2022 and offer themselves for re-election.

Sir Michael Heller is Executive Chairman and has been a Director since 1971. He has a contract of service determinable upon six months' notice. Sir Michael Heller is a chartered accountant and a member of the nomination committee. He is Executive Chairman of Bisichi Mining PLC, our associate company. The board has considered the re-appointment of Sir Michael Heller and recommends his re-election as a Director.

Howard Goldring has been a Director since 1992 and has a contract of service determinable upon three months' notice. He is an Independent Director and a member of the audit, nomination and remuneration committees. Howard Goldring is a chartered accountant and global asset allocation specialist. He was Executive Chairman of Alberon Holdings Limited until 2020. His specialized economic knowledge and broad commercial experience are of significant benefit to the business. The board has considered the re-appointment of Howard Goldring and recommends his re-election as a Director.

Jonathan Mintz has been a Director since 2019 and is also the Company Secretary. He has a contract of employment determinable upon three months' notice. Jonathan Mintz is an ACA qualified Finance Director experienced in real estate, consultancy, and construction in the UK and internationally. He has worked in the property and infrastructure sector for the majority of his career, holding senior positions with listed and private property and construction businesses. The board has considered the re-appointment of Jonathan Mintz and recommends his re-election as a Director.

DIRECTORS' INTERESTS

The interests of the Directors in the ordinary shares of the Company, including family and trustee holdings, where appropriate, can be found on page 23 in the Annual Remuneration Report.

Substantial shareholdings

	31 DEC 2021		31 DEC 2020	
	NO.	%	NO.	%
Sir Michael Heller and family	48,080,880	56.35	48,080,511	56.35
Stonehage Fleming Investment Management Ltd	7,513,214	8.81	7,663,214	8.98
James Hyslop	5,286,258	6.20	4,886,258	5.73
Maland Pension Fund	3,500,000	4.10	3,515,472	4.12

The Company does not consider that the Heller family has a controlling share interest irrespective of the number of shares held as no individual party holds a majority and there is no legal obligation for shareholders to act in concert. The Directors do not consider that any single party has control.

The Company is not aware of any other holdings exceeding 3 per cent of the issued share capital.

SHARE CAPITAL AND TAKEOVER DIRECTIVE

The Company has one class of share capital, namely ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank pari passu. There are no securities issued by the Company which carry special rights with regard to control of the Company.

The identity of all significant direct or indirect holders of securities in the Company and the size and nature of their holdings is shown in "Substantial Shareholdings" above.

The rights of the ordinary shares to which the HMRC approved Share Incentive Plan relates are exercisable by the trustees on behalf of the employees.

There are no restrictions on voting rights or on the transfer of ordinary shares in the Company, save in respect of treasury shares. The rules governing the appointment and replacement of Directors, alteration of the articles of association of the Company and the powers of the Company's Directors accord with usual English company law provisions. Each Director is subject to re-election at least every three years.

The Company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid. The Company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors in office at the date of approval of the financial statements have confirmed that, so far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as a Director in order to make them aware of any relevant audit information and to establish that it has been communicated to the auditor.

INDEMNITIES AND INSURANCE

The Articles of Association of the company provide for it to indemnify, to the extent permitted by law, directors and officers (excluding the Auditor) of the company, including officers of subsidiaries and associated companies, against liabilities arising from the conduct of the Group's business. The indemnities are qualifying third party indemnity provisions of the Companies Act 2006 and each of these qualifying third party indemnities was in force during the course of the financial year ended 31 December 2021 and as at the date of this Directors' report. No amount has been paid under any of these indemnities during the year.

The Group maintains Directors and Officers insurance, which is reviewed annually and is considered to be adequate by the Company and its insurance advisers.

DONATIONS

No political donations were made during the year (2020: £Nil). No donations for charitable purposes were made during the year (2020: £Nil).

CORPORATE RESPONSIBILITY

Environment

The environmental considerations of the group's South African coal mining operations are covered in the Bisichi PLC Strategic Report.

The group's UK activities are principally property investment whereby premises are provided for rent to commercial businesses. The group seeks to provide those tenants with good quality premises from which they can operate in an efficient and environmentally efficient manner and waste re-cycling arrangements are in place at all the company's locations.

Greenhouse gas emissions

Details of the group's greenhouse gas emissions for the year ended 31 December 2021 can be found on pages 13 and 14 of the Strategic Report.

Employment

The group's policy is to attract staff and motivate employees by offering competitive terms of employment. The group provides equal opportunities to all employees and prospective employees including those who are disabled. The Bisichi PLC Strategic Report gives details of the Bisichi group's activities and policies concerning the employment, training, health and safety and community support and social development concerning the Bisichi group's employees in South Africa.

GOING CONCERN

The directors have reviewed the cash flow forecasts of the Group and the underlying assumptions on which they are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman's Statement and Chief Executive's Review and in the Financial and Performance Review. In addition, note 21 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

With secured banking facilities, sound financial resources, low void rates and long term leases in place the Directors believe it remains appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

The Bisichi directors continue to adopt the going concern basis of accounting in preparing the Bisichi annual financial statements.

CORPORATE GOVERNANCE

The Corporate governance report can be found on pages 19 and 20 of the annual report and accounts.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Meeting Room 2, 12 Charles II Street, St James, London SW1Y 4QU on Wednesday 15 June 2022 at 10.00 a.m. Items 1 to 8 will be proposed as ordinary resolutions. More than 50 per cent. of shareholders' votes cast at the meeting must be in favour for those ordinary resolutions to be passed. The Directors consider that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and accordingly the board unanimously recommends that shareholders vote in favour of all of the resolutions as the Directors intend to do in respect of their own beneficial holdings of ordinary shares. Please note that the following paragraphs are only summaries of certain of the resolutions to be proposed at the Annual General Meeting and do not represent the full text of the resolutions. You should therefore read this section in conjunction with the full text of the resolutions contained in the notice of Annual General Meeting which accompanies this Directors' Report.

ORDINARY RESOLUTIONS

Resolution 8 – Authority to allot securities

Paragraph 8.1.1 of Resolution 8 would give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value of £2,841,200. This represents approximately 1/3 (one third) of the ordinary share capital of the Company in issue (excluding treasury shares) as at 26 April 2022 (being the last practicable date prior to the publication of this Directors' Report).

In line with guidance issued by the Institutional Voting Information Service (IVIS), paragraph 8.1.2 of Resolution 8 would give the directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to a further aggregate nominal value of £2,841,200, in connection with an offer by way of a rights issue. This amount represents approximately another 1/3 (one third) of the ordinary share capital of the Company in issue (excluding treasury shares) as at 26 April 2022 (being the last practicable date prior to the publication of this Directors' Report).

The Directors' authority will expire on the earlier of 31 August 2023 or the next AGM. The Directors do not currently intend to make use of this authority. However, if they do exercise the authority, the Directors intend to follow best practice as recommended by the IVIS regarding its use (including as regards the Directors standing for re-election in certain cases).

OTHER MATTERS

Kreston Reeves LLP has acted as auditor since its appointment at the 2021 AGM on 15 June 2021. Kreston Reeves LLP has expressed its willingness to continue in office as auditor. A proposal will be made at the Annual General Meeting for its reappointment.

By order of the board

Jonathan Mintz
Secretary

For and on behalf of London & Associated Properties PLC

2nd Floor, 12 Little Portland Street
London, W1W 8BJ

Corporate Governance

The Company has adopted the Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA Code) published by the Quoted Companies Alliance. The QCA Code provides governance guidance to small and mid-size quoted companies. The paragraphs below set out how the Company has applied this guidance during the year. The Company has complied with the QCA Code throughout the year.

PRINCIPLES OF CORPORATE GOVERNANCE

The board promotes good corporate governance in the areas of risk management and accountability as a positive contribution to business prosperity. The board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the circumstances of the business. The key objective is to enhance and protect shareholder value.

BOARD STRUCTURE

During the year the board comprised the Chairman, the Chief Executive, one other executive Director and three non-executive Directors. Their details appear on page 15. The board is responsible to shareholders for the proper management of the Group.

The Directors' responsibilities statement in respect of the accounts is set out on page 29. The non-executive Directors have a particular responsibility to ensure that the strategies proposed by the executive Directors are fully considered. To enable the board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The board has a formal schedule of matters reserved to it and normally has eleven regular meetings scheduled each year. Additional meetings are held for special business when required.

The board is responsible for overall Group strategy, approval of major capital expenditure and consideration of significant financial and operational matters.

The board committees, which have written terms of reference, deal with specific aspects of the Group's affairs:

- The nomination committee is chaired by C A Parritt and comprises one other non-executive Director and the executive Chairman. The committee is responsible for proposing candidates for appointment to the board, having regard to the balance and structure of the board. In appropriate cases recruitment consultants may be used to assist the process. All Directors are subject to re-election at a maximum of every three years.
- The remuneration committee is responsible for making recommendations to the board on the Company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights, option grants and compensation payments. The board itself determines the remuneration of the non-executive Directors. The committee comprises two non-executive Directors and it is chaired by C A Parritt. The executive Chairman of the board is normally invited to attend. The Annual Remuneration Report is set out on pages 22 to 25.
- The audit committee comprises two non-executive Directors and is chaired by C A Parritt. The audit committee report, with its terms of reference, is set out on page 28. The Chief Executive and Finance Director are normally invited to attend.

BOARD AND BOARD COMMITTEE MEETINGS HELD IN 2021

The number of regular meetings during the year and attendance was as follows:

		MEETINGS HELD	MEETINGS ATTENDED
Sir Michael Heller	Board	10	10
	Nomination committee	1	1
	Remuneration committee	1	1
J A Heller*	Board	10	10
	Audit committee	2	2
J Mintz*	Board	10	10
	Audit committee	2	2
C A Parritt	Board	10	10
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
H D Goldring	Board	10	9
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
R Priest	Board	10	10

*Attended audit committee by invitation.

PERFORMANCE EVALUATION – BOARD, BOARD COMMITTEES AND DIRECTORS

The performance of the board as a whole, its committees and the non-executive Directors is assessed by the Chairman and the Chief Executive and is discussed with the senior independent non-executive Director. Their recommendations are discussed at the nomination committee prior to proposals for re-election being recommended to the board. The performance of executive Directors is discussed and assessed by the remuneration committee. The senior independent Director meets regularly with the Chairman, executive and non-executive Directors individually outside of formal meetings. The Directors will take outside advice in reviewing performance but have not found this to be necessary to date.

INDEPENDENT DIRECTORS

The senior independent non-executive Director is C A Parritt. The other independent non-executive Directors are H D Goldring and R Priest. R Priest provides services to the Company on a fee paying basis. C A Parritt also provides some advisory services as part of his accounting practice.

The board encourages all three non-executive Directors to act independently and does not consider that length of service of any individual non-executive Director, has resulted in the inability or failure to act independently. In the opinion of the board the three non-executive Directors continue to fulfil their roles as independent non-executive Directors. Their background and skills are set out on page 15.

The independent Directors exchange views regularly between board meetings and meet when required to discuss corporate governance and other issues concerning the Group.

INTERNAL CONTROL

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness at least annually, and for the preparation and review of its financial statements. The board has designed the Group's system of internal control in order to provide the Directors with reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss. The key elements of the control system in operation are:

- The board meets regularly on full notice with a formal schedule of matters reserved for its decision and has put in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority;
- There are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts;
- The responsible executives are required regularly to undertake a full assessment process to identify and quantify the risks that face the functional activities for which they are responsible and assess the adequacy of the prevention, monitoring and modification practices in place for those risks. In addition, regular reports about significant risks and associated control and monitoring procedures are made to the executive Directors. The process adopted by the Group accords with the guidance contained in the document "Internal Control Guidance for Directors on the Combined Code" issued by the Institute of Chartered Accountants in England and Wales. The audit committee receives reports from external auditors and from executive Directors of the Group. During the period the audit committee has reviewed the effectiveness of the system of internal control as described above. The board receives periodic reports from all committees.
- There are established procedures for the presentation and review of the financial statements and the Group has in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority.

There are no internal control issues to report in the annual report and financial statements for the year ended 31 December 2021. Up to the date of approval of this report and the financial statements, the board has not been required to deal with any related material internal control issues. The Directors confirm that the board has reviewed the effectiveness of the system of internal control as described during the period.

COMMUNICATION WITH SHAREHOLDERS

Prompt communication with shareholders is given high priority. Extensive information about the Group and its activities is provided in the Annual Report. In addition, a half-year report is produced for each financial year and published on the Company's website. The Company's website www.lap.co.uk is updated promptly with announcements and Annual Reports upon publication. Copies from previous years are also available on the website.

The share price history and market information can be found at https://www.londonstockexchange.com/stock/LAS/london-associated-properties-plc/company-page. The company code is LAS.

There is a regular dialogue with the Company's stockbrokers and institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the Group are dealt with promptly and informatively.

The Company's website is under continuous development to enable better communication with both existing and potential new shareholders.

THE BRIBERY ACT 2010

The Company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance with the Company's anti–bribery code is monitored closely.

Governance statement by the Chairman of the remuneration committee

The remuneration committee is pleased to present its report for the year ended 31 December 2021. The report is presented in two parts in accordance with the remuneration regulations.

The first part is the Annual Remuneration Report which details remuneration awarded to Directors and non-executive Directors during the year. The shareholders will be asked to approve the Annual Remuneration Report as an ordinary resolution (as in previous years) at the AGM in June 2022.

The second part is the Remuneration Policy which details the remuneration policy for Directors, can be found at www.lap.co.uk. The current remuneration policy was subject to a binding vote which was approved by shareholders at the AGM in July 2020. The approval will continue to apply for a 3 year period commencing from then. The committee reviewed the existing policy and deemed that no changes were necessary to the current arrangements.

Both of the reports have been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Company's auditor, Kreston Reeves LLP is required by law to audit certain disclosures and where disclosures have been audited that is indicated in the independent auditor's report.

C A Parritt
Chairman, Remuneration Committee

28 April 2022

Annual remuneration report

THE FOLLOWING INFORMATION HAS BEEN AUDITED

Single total figure of remuneration for the year ended 31 December 2021

	SALARY AND FEES £'000	BONUSES £'000	BENEFITS £'000	LONG TERM INCENTIVE AWARDS £'000	PENSIONS £'000	**TOTAL 2021 £'000**	TOTAL FIXED REMUNERATION £'000	TOTAL VARIABLE REMUNERATION £'000
Executive Directors								
Sir Michael Heller*	7	-	68	-	-	**75**	75	-
Sir Michael Heller - Bisichi	83	-	-	-	-	**83**	83	-
J A Heller	533	-	25	-	32	**590**	590	-
J Mintz	160	50	8	-	15	**233**	183	50
	783	50	101	-	47	**981**	931	50
Non-executive Directors								
H D Goldring*+	18	-	13	-	-	**31**	31	-
C A Parritt*+	37	-	-	-	-	**37**	37	-
R Priest*	35	-	-	-	-	**35**	35	-
	90	-	13	-	-	**103**	103	-
Total	873	50	114	-	47	**1,084**	1,034	50

J A Heller has an entitlement to an employer pension contribution of £31,500 for 2021 (2020: £30,000). He has elected for this not to be paid at this time.

Single total figure of remuneration for the year ended 31 December 2020

	SALARY AND FEES £'000	BONUSES £'000	BENEFITS £'000	LONG TERM INCENTIVES AWARDS £'000	PENSIONS £'000	TOTAL 2020 £'000	TOTAL FIXED REMUNERATION £'000	TOTAL VARIABLE REMUNERATION £'000
Executive Directors								
Sir Michael Heller*	7	-	62	-	-	69	69	-
Sir Michael Heller - Bisichi	83	-	-	-	-	83	83	-
J A Heller	348	-	40	-	30	418	418	-
J Mintz	160	-	4	-	15	179	179	-
	598	-	106	-	45	749	749	-
Non-executive Directors								
H D Goldring+	18	-	11	-	-	29	29	-
C A Parritt*+	37	-	-	-	-	37	37	-
R Priest*	35	-	-	-	-	35	25	-
	90	-	11	-	-	101	101	-
Total	688	-	117	-	45	850	850	-

* Note 25 "Related party transactions"

\+ Members of the remuneration committee for years ended 31 December 2020 and 31 December 2021. C A Parritt was the chair of the remuneration committee throughout both years.

Benefits include the provision of car, health and other insurance and subscriptions.

Sir Michael Heller is a director of Bisichi PLC, (a subsidiary for IFRS 10 purposes) and received a salary from that company of £82,500 (2020: £82,500) for services. He did not receive a bonus in 2021 (2020: £Nil).

Although Sir Michael Heller receives reduced remuneration in respect of his services to LAP, the Company does supply office premises, property management, general management, accounting and administration services for a number of companies in which Sir Michael Heller has an interest. The board estimates that the annual value of these services, if supplied to a third party, would have been £300,000 (2020: £300,000). Further details of these services are set out in Note 25 to the financial statements "Related party transactions".

J A Heller is a director of Dragon Retail Properties Limited, (a subsidiary for IFRS 10 purposes) and received benefits from that company of £3,404 (2020: £11,132) for services. This is included in the remuneration figures disclosed above. J A Heller did not draw £185,000 of his salary in 2020 due to economic uncertainty at that time.

The remuneration figures for C A Parritt include fees paid to his accountancy practice for consultancy services provided to the Group. This is detailed in Note 25 to the financial statements.

R Priest provides consultancy services to the Group. This is detailed in Note 25 to the financial statements.

Summary of directors' terms

	DATE OF CONTRACT	UNEXPIRED TERM	NOTICE PERIOD
Executive Directors			
Sir Michael Heller	1 January 1971	Continuous	6 months
John Heller	1 May 2003	Continuous	12 months
Jonathan Mintz	11 February 2019	Continuous	3 months
Non-executive Directors			
H D Goldring	1 July 1992	Continuous	3 months
C A Parritt	1 January 2006	Continuous	3 months
R Priest	31 July 2013	Continuous	3 months

TOTAL PENSION ENTITLEMENTS

Two directors had benefits under money purchase schemes. Under his contract of employment, one Director was entitled to a regular employer contribution (currently £15,000 a year). Under his contract of employment, the other Director was entitled to a regular employer contribution (currently £31,500 a year) but has elected not to receive it. There are no final salary schemes in operation. No pension costs are incurred on behalf of non-executive Directors. There are no additional benefits payable to any Director in the event of early retirement.

SHARE INCENTIVE PLAN (SIP)

In 2006 the Directors set up an HMRC approved share incentive plan (SIP). The purpose of the plan, which is open to all eligible LAP executive Directors and head office based staff, is to enable them to acquire shares in the Company and give them a continuing stake in the Group.

The SIP comprises four types of share – (1) free shares under which the Company may award shares of up to the value of £3,000 each year, (2) partnership shares, under which members may save up to £1,500 per annum to acquire shares, (3) matching shares, through which the Company may award up to two shares for each share acquired as a partnership share, and (4) dividend shares, acquired from dividends paid on shares within the SIP.

1. Free shares: No free shares were issued in 2020 or 2021.

2. Partnership shares: No partnership shares were issued in 2020 or 2021.

3. Matching shares: The partnership share agreements for the year to 31 October 2021 provide for two matching shares to be awarded free of charge for each partnership share acquired. No partnership shares were acquired in 2021 (2020: nil). Matching shares will usually be forfeited if a member leaves employment in the Group within five years of their grant.

4. Dividend shares: Dividends on shares acquired under the SIP will be utilised to acquire additional shares. Accumulated dividends received on shares in the SIP to 31 December 2021 amounted to £156 (2020: £Nil). Of these J A Heller received 369 shares valued at £39 (2020: Nil). No other Directors received dividend shares.

The SIP is set up as an employee benefit trust. The trustee is London & Associated Securities Limited, a wholly owned subsidiary of LAP, and all shares and dividends acquired under the SIP will be held by the trustee until transferred to members in accordance with the rules of the SIP.

SHARE OPTION SCHEMES

The Company has an HMRC approved scheme (Approved Scheme). It was set up in 1986 in accordance with HMRC rules to gain HMRC approved status which gave the members certain tax advantages. There are no performance criteria for the exercise of options under the Approved Scheme, as this was set up before such requirements were considered to be necessary. No Director has any options outstanding under the Approved Scheme nor were any options granted under the Approved Scheme for the year ended 31 December 2021.

A share option scheme known as the "Non-approved Executive Share Option Scheme" (Unapproved Scheme) which does not have HMRC approval was set up during 2000. At 31 December 2021 there were no options to subscribe for ordinary shares outstanding. The exercise of options under the Unapproved Scheme is subject to the satisfaction of objective performance conditions specified by the remuneration committee which conforms to institutional shareholder guidelines and best practice provisions. Further details of this scheme are set out in Note 23 "Share Capital" to the financial statements.

PAYMENTS TO PAST DIRECTORS

No payments were made to past Directors in the year ended 31 December 2021 (2020: none).

PAYMENTS FOR LOSS OF OFFICE

No payments for loss of office were made in the year ended 31 December 2021 (2020: none).

STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

Directors' interests

The interests of the Directors in the ordinary shares of the Company, including family and trustee holdings, where appropriate, were as follows:

	BENEFICIAL INTERESTS		NON-BENEFICIAL INTERESTS	
	31 DEC 21	1 JAN 21	**31 DEC 20**	1 JAN 20
Sir Michael Heller	**5,749,341**	5,749,341	**19,277,931**	19,277,931
J A Heller	**1,872,410**	1,872,041	**†14,073,485**	†14,073,485
J Mintz	**100,000**	-	**-**	-
H D Goldring	**19,819**	19,819	**-**	-
C A Parritt	**36,168**	36,168	**-**	-
R Priest	**-**	-	**-**	-

† These non-beneficial holdings are duplicated with those of Sir Michael Heller.

The beneficial holdings of Directors shown above include their interests in the Share Incentive Plan.

No share awards were made to the Directors in the year, and accordingly no discretion was exercised in determining any award or bonus payment as a result of any share price appreciation.

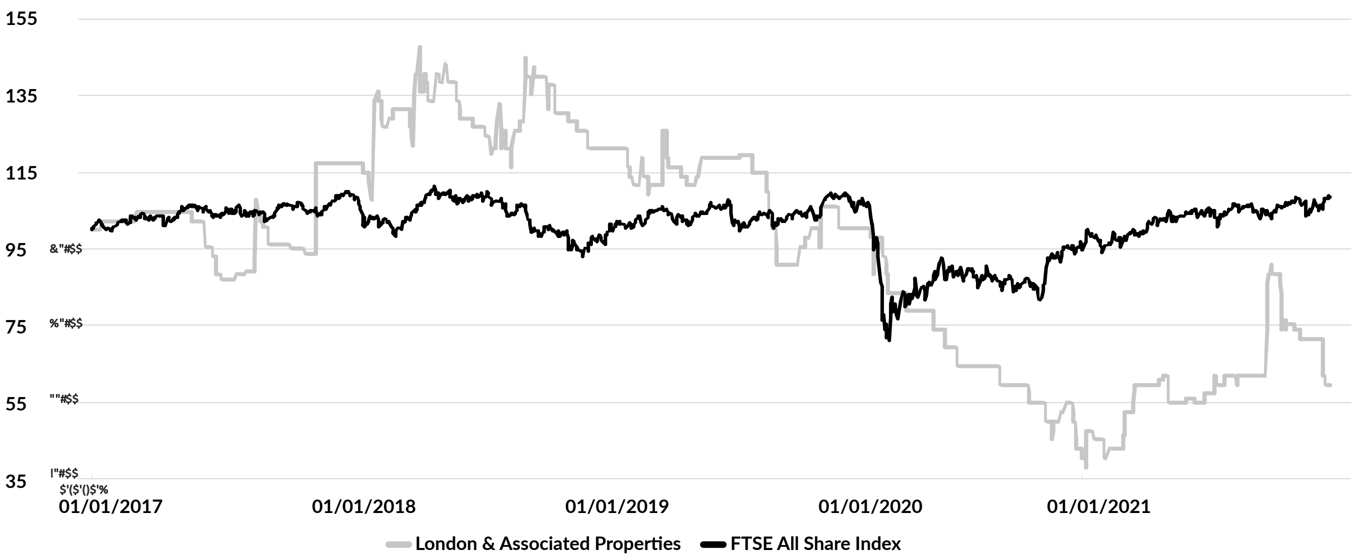
There are no requirements or guidelines for any Director to own shares in the Company.

THE FOLLOWING INFORMATION IS UNAUDITED:

The graph illustrates the Company's performance as compared with a broad equity market index over a five year period. Performance is measured by total shareholder return. The directors have chosen the FTSE All Share – Total Return Index as a suitable index for this comparison as it gives an indication of performance against a large spread of quoted companies.

The middle market price of London & Associated Properties PLC ordinary shares at 31 December 2021 was 12.0p (2020: 8.0p). During the year the share middle market price ranged between 18.0p and 8.0p.

Total Shareholder Return



REMUNERATION OF THE CHIEF EXECUTIVE OVER THE LAST TEN YEARS

YEAR	CEO	CHIEF EXECUTIVE SINGLE TOTAL FIGURE OF REMUNERATION £'000	ANNUAL BONUS PAYMENT AGAINST MAXIMUM OPPORTUNITY* %	LONG-TERM INCENTIVE VESTING RATES AGAINST MAXIMUM OPPORTUNITY* %
2021	**J A Heller**	**590**	**0%**	**n/a**
2020	J A Heller	418	0%	n/a
2019	J A Heller	648	0%	n/a
2018	J A Heller	870	20%	n/a
2017	J A Heller	487	11%	n/a
2016	J A Heller	569	18%	n/a
2015	J A Heller	762	41%	n/a
2014	J A Heller	835	49%	n/a
2013	J A Heller	716	n/a	n/a
2012	J A Heller	417	n/a	n/a

*There were no formal criteria or conditions to apply in determining the amount of bonus payable or the number of shares to be issued prior to 2014.

In light of the prevailing economic situation at the time the Chief Executive did not draw £185,000 (35%) of his salary in 2020.

PERCENTAGE CHANGE IN EXECUTIVE AND NON-EXECUTIVE DIRECTOR REMUNERATION (AUDITED)

The table below shows the percentage change in remuneration of the Directors undertaking the role of Chief Executive Officer, Finance Director and Non-Executive Directors and the average of Company's colleagues in London & Associated Properties PLC on a full-time equivalent basis.

DIRECTOR	BASE SALARY % CHANGE 2021 V 2020	BENEFITS % CHANGE 2021 V 2020	BONUSES % CHANGE 2021 V 2020
Executive:			
Sir Michael Heller	0%	10%	0%
J A Heller	53%[1]	-38%	0%
J Mintz	0%	100%	100%
Non-Executive:			
H D Goldring	0%	18%	0%
C A Parritt	0%	0%	0%
R Priest	0%	0%	0%
Colleague pay	0%	0%	100%

[1] J A Heller waived a portion of his salary in 2020 which resulted in a 53% increase year on year. His base salary entitlement was unchanged from 2020.

RELATIVE IMPORTANCE OF SPEND ON PAY

The total expenditure of the Group on remuneration to all employees (Note 26 refers) is shown below:

	2021 £'000	2020 £'000
Employee Remuneration	**8,999**	7,289
Distributions to shareholders	**0**	0

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY

The policy was approved at the AGM in June 2020 and was effective from 1 August 2020. The vote on the remuneration policy is binding in nature. The Company may not then make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a director of the Company unless that payment is consistent with the approved remuneration policy, or has otherwise been approved by a resolution of members. During the year there were no deviations from the procedure for the implementation of the remuneration policy as set out in the policy.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Remuneration Committee considered the executive Directors' remuneration and the Board considered the non-executive Directors' remuneration in the year ended 31 December 2021. No increases were awarded and no external advice was taken in reaching this decision. The Company did not engage any consultants to provide advice or services to materially assist the remuneration committee's considerations.

SHAREHOLDER VOTING

At the Annual General Meeting on 30 July 2020, there was an advisory vote on the resolution to approve the Remuneration Report, other than the part containing the remuneration policy.

In addition, on 30 July 2020, there was a binding vote on the resolution to approve the Remuneration Policy. The results are detailed below

	% OF VOTES FOR	% OF VOTES AGAINST	NUMBER OF VOTES WITHHELD
Resolution to approve the Remuneration Report (15 June 2021)	77.57	22.43	0
Resolution to approve the Remuneration Policy (30 July 2020)	80.73	19.27	27,265

Although a number of shareholders voted against the approval of the remuneration report at the 2021 AGM, the Remuneration Committee and the Board believe that the current remuneration policy (approved by shareholders in 2020) is still appropriate. They have noted that a number of shareholders voted against the remuneration report. However, they believe that it is essential to reward executive directors at a commercial rate and that the payments are in accordance with the agreed Policy.

Remuneration policy summary

The remuneration policy summary below is an extract of the group's current remuneration policy on directors' remuneration (excluding Bisichi PLC), which was approved by a binding vote at the 2020 AGM. The approved policy took effect from 1 August 2020.

Notes to the Remuneration Policy

The remuneration committee considers the performance measures outlined in the table above to be appropriate measures of performance and that the KPIs chosen align the interests of the directors and shareholders.

In setting the policy, the Remuneration Committee has taken the following into account:

POLICY TABLE

ELEMENT	PURPOSE	POLICY
Executive directors		
Base salary	To recognise: Skills Responsibility Accountability Experience Value	Considered by remuneration committee on appointment Set at a level considered appropriate to attract, retain, motivate and reward the right individuals
Pension	To provide competitive retirement benefits	Company contribution offered at up to 10% of base salary as part of overall remuneration package
Benefits	To provide a competitive benefits package	Contractual benefits include: Car or car allowance Group health cover Death in service cover Permanent health insurance
Annual bonus	To reward and incentivise	In assessing the performance of the executive team, and in particular to determine whether bonuses are merited the remuneration committee takes into account the overall performance of the business, as well as individual contribution to the business in the period
Share options	To provide executive directors with a long-term interest in the company	Where it is necessary to attract, retain, motivate and reward the right individuals, the directors may establish new schemes to replace any expired schemes
Share incentive plan (SIP)	To offer a shorter term incentive in the company and to give directors a stake in the group	Offered to executive directors and head office staff
Non-executive directors		
Base salary	To recognise: Skills Responsibility Experience Risk Value	Considered by the board on appointment Set at a level considered appropriate to attract, retain and motivate the individual Experience and time required for the role are considered on appointment
Pension		No pension offered
Benefits		No benefits offered except in exchange for sacrificing fees.
Share options		Non-executive directors do not participate in the share option schemes

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the company
- The LAP Group's general aim of seeking to reward all employees fairly according to the nature of their role and their performance
- Remuneration packages offered to 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

The remuneration of non-executive directors is determined by the board, and takes into account additional remuneration for services outside the scope of the ordinary duties of non-executive directors.

For details of remuneration of other company employees please see page 25

A copy of the full policy can be found at www.lap.co.uk.

OPERATION	OPPORTUNITY AND PERFORMANCE CONDITIONS
Reviewed annually whenever there is a change of role or operational responsibility Paid monthly in cash	There is no prescribed maximum salary or maximum rate of increase, although any increase in excess of inflation is unlikely, unless there are changes in responsibility No individual director will be awarded a base salary in excess of £575,000 a year No specific performance conditions are attached to base salaries
The contribution payable by the Company is included in the director's contract of employment Paid into money purchase schemes	Company contribution offered at up to 10% of base salary as part of overall remuneration package No specific performance conditions are attached to pension contributions
The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)	The costs associated with benefits offered are closely controlled and reviewed on an annual basis No director will receive benefits of a value in excess of 30% of their base salary No specific performance conditions are attached to contractual benefits
The remuneration committee is using its discretion to determine the level of bonus on an annual basis In assessing performance consideration is given to the level of net rental income, cash flow, voids, realised development gains and income from managing joint ventures, as well as NAV changes. Achieved results are then compared with expectation taking account of market conditions Bonuses are generally offered in cash or shares	The current maximum bonus will not exceed 80% of base salary in any one year but the remuneration committee reserves the power to award up to 150% in an exceptional year Performance conditions will be assessed on an annual basis The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the remuneration committee considers appropriate
Offered at appropriate times by the remuneration committee	The aggregate number of shares over which options may be granted under all of the company's option schemes (including any options and awards granted under the company's employee share plans) in any period of ten years, will not exceed, at the time of grant, 10% of the ordinary share capital of the company from time to time Share options will be offered by the remuneration committee at their discretion and will be subject to appropriate performance criteria at the time.
Maximum participation levels are set by HMRC	Of any bonus awarded, Directors may opt to have maximum of £3,000 per year paid in 'Free Shares' under the SIP scheme rules
Reviewed annually	No individual non-executive director will be awarded a base salary in excess of £40,000 a year No performance conditions are attached to base salaries

Audit committee report

The committee's terms of reference have been approved by the board and follow published guidelines, which are available on request from the company secretary.

The audit committee's primary tasks are to:

- review the scope of external audit, to receive regular reports from Kreston Reeves LLP and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgement and estimation;
- monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
- act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the Group's internal control and risk management systems and processes;
- to review the risk assessments made by management, consider key risks with action taken to mitigate these and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the Group's risk management control and processes;
- consider once a year the need for an internal audit function;
- advise the board on the appointment of the external auditors, the rotation of the audit partner every five years and on their remuneration for both audit and non-audit work; discuss the nature and scope of their audit work and undertake a formal assessment of their independence each year, which includes:
  i) a review of non-audit services provided to the Group and related fees;
  ii) discussion with the auditors of their written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
  iii) a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
  iv) obtaining a written confirmation from the auditors that, in their professional judgement, they are independent.

MEETINGS

The committee meets at least twice a year prior to the publication of the annual results and discusses and considers the half year results prior to their approval by the board. The audit committee meetings are attended by the external audit partner, chief executive, finance director and company secretary. During the year the members of the committee also meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings may be held as necessary.

During the past year the committee:

- met with the external auditors, and discussed their reports to the audit committee;
- approved the publication of annual and half year financial results;
- considered and approved the annual review of internal controls;
- decided that there was no current need for an internal audit function due to the scale of the business and processes in place;
- agreed the independence of the auditors and approved their fees for both audit and non-audit services as set out in Note 2 to the financial statements;
- noted the revised procedures applied by the auditors following the FRC comments on the 2018 audit, concluded in March 2020;
- the chairman of the audit committee has also had separate meetings and discussions with the external audit partner; and
- conducted a tender process to appoint Kreston Reeves as the company's auditor.

FINANCIAL REPORTING

As part of its role, the Audit Committee assessed the audit findings that were considered most significant to the financial statements, including those areas requiring significant judgement and/or estimation. When assessing the identified financial reporting matters, the committee assessed quantitative materiality primarily by reference to the carrying value of the group's total assets, given that the group operates a principally asset based business. When determining quantitative materiality, the Board also gave consideration to the value of revenues generated by the group and net asset value, given that they are key trading and business KPIs. The qualitative aspects of any financial reporting matters identified during the audit process were also considered when assessing their materiality. Based on the considerations set out above we have considered quantitative errors individually or in aggregate in excess of approximately £1.153 million in relation to the Group and £0.626 million in relation to the parent company and £0.3 million for the Bisichi group to be material.

EXTERNAL AUDITOR

The 2021 financial year is the first year in which Kreston Reeves LLP has acted as auditor to London & Associated Properties PLC. Kreston Reeves was appointed on 15 June 2021 at the AGM. Prior to this RSM UK Audit LLP acted as auditor, resigning in 2021 under the mandatory audit firms rotation rules.

In the United Kingdom London & Associated Properties PLC provides extensive administration and accounting services to Bisichi PLC, which has its own audit committee and employs Kreston Reeves LLP as its auditor.

C A Parritt
Chairman – Audit Committee

28 April 2022

Directors' responsibilities statement

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law to prepare group financial statements in accordance with UK-adopted international accounting standards. The directors have also prepared the Group Financial Statements in accordance with the requirements of international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The directors have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework".

The group financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the group financial statements, state whether applicable UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;

d. for the company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;

e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE GUIDANCE AND TRANSPARENCY RULES

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

Each of the directors, whose names and functions are listed on page 15 confirm that, to the best of each person's knowledge:

a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the company and the undertakings included in the consolidation taken as a whole; and

b. the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the London & Associated Properties PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

TO THE SHAREHOLDERS OF LONDON & ASSOCIATED PROPERTIES PLC

FOR THE YEAR ENDED 31 DECEMBER 2021

OPINION

We have audited the financial statements of London & Associated Properties PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in shareholders' equity, consolidated cash flow statement and notes to the financial statements, including a summary of significant Group accounting policies. The financial reporting framework that has been applied in their preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 31 December 2021 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 the 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 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.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

COVERAGE OVERVIEW

	GROUP REVENUE	GROUP PROFIT/ (LOSS) BEFORE TAX	GROUP NET ASSETS
Full statutory audit (Kreston Reeves and BDO)	99.9%	94.5%	90.8%
Limited procedures	0.1%	5.5%	9.2%
Totals at 31 December 2021:	100%	100%	100%

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our scoping considerations for the Group audit were based both on financial information and risk. As noted above limited assurance audit work – which is to say the audit of balances and transactions material at a group level – was only applied in respect of a small element of the group. The below table summarises for the parent company, and its subsidiaries, the level of assurance gained:

GROUP COMPONENT	LEVEL OF ASSURANCE
London & Associated Properties PLC	Full statutory audit (Kreston Reeves LLP)
Analytical Properties Limited	Full statutory audit (Kreston Reeves LLP)
Orchard Square Limited	Full statutory audit (Kreston Reeves LLP)
Dragon Retail Limited	Full statutory audit (Kreston Reeves LLP)
London & Associated Management Services Limited	Full statutory audit (Kreston Reeves LLP)
LAP Ocean Holdings Limited	Full statutory audit (Kreston Reeves LLP)
Analytical Properties Holdings Limited	Full statutory audit (Kreston Reeves LLP)
West Ealing Projects Limited	Full statutory audit (Kreston Reeves LLP)
Bisichi PLC	Full statutory audit (Kreston Reeves LLP)
Mineral Products Limited	Full statutory audit (Kreston Reeves LLP)
Bisichi (Properties) Limited	Full statutory audit (Kreston Reeves LLP)
Bisichi Northampton Limited	Full statutory audit (Kreston Reeves LLP)
Black Wattle Colliery (Pty) Limited	Full statutory audit (BDO South Africa Incorporated)
Sisonke Coal Processing (Pty) Limited	Full statutory audit (BDO South Africa Incorporated)
Black Wattle Klipfontein (Pty) Limited	Full statutory audit (BDO South Africa Incorporated)
All other group undertakings	Limited assurance

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) that 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. This is not a complete list of all risks identified by our audit.

REVENUE RECOGNITION:

Significance and nature of key risk	How our audit addressed the key risk
Revenue is a key performance indicator for users in assessing the group's financial statements. Revenue generated has a significant impact on cash inflows and profit before tax for the group. As such revenue is a key determinant in profitability and the group's ability to generate cash. **Revenue comprises two key revenue streams: the property rental income and sale of coal.** **Rental income is recognised in the Group income statement on a straight-line basis over the term of the lease.** **Coal revenue is recognised when the customer has a legally binding obligation to settle under the terms of the contract.**	Rental income revenue was recalculated based on the terms included in signed lease agreements. Again, the recognition stages detailed in the relevant standards were carefully considered to ensure revenue recognised was in line with these and a substantive approach was taken. Sales of coal and coal processing services in the period were tested from the trigger point of the sale to the point of recognition in the financial statements, corroborating this to contract sales or service terms and the recognition stages detailed in IFRS 15. Revenue streams were further analytically reviewed via comparison to our expectations. Expectations were based on a combination of prior financial data, budgets and our own assessments based on industry competitors. Cut-off of revenue was reviewed for sales of coal by analysing sales recorded during the period just before and after the financial year end and determining if the recognition applied was appropriate, whilst rental income cut-off has been reviewed by generating a proof in total of the income from the tenancy agreements and comparing to the income per the nominal ledger. Walkthrough testing was performed to ensure that key systems and controls in place around the revenue cycle operated as designed. The accuracy of revenue disclosures in the accounts were confirmed to be consistent with the revenue cycle observed and audited. The completeness of these disclosures was confirmed by reference to the full disclosure requirements as detailed in IFRS 15.

KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE

We have no concerns over the material accuracy of revenue recognised in the financial statements.

VALUATION/IMPAIRMENT OF INVESTMENT PROPERTIES AND INVENTORY:

Significance and nature of key risk	How our audit addressed the key risk
Investment properties comprise freehold and long leasehold land and buildings, whilst properties classified as inventory are properties which are currently being developed. **Investment properties are carried at fair value in accordance with IAS 40 and are revalued annually by professional external surveyors and included in the balance sheet at their fair value. Gains or losses arising from changes in the fair values of assets are recognised in the consolidated income statement in the period to which they relate. In accordance with IAS 40, investment properties are not depreciated.** **The fair value of the head leases is the net present value of the current head rent payable on leasehold properties until the expiry of the lease.**	Appropriate classification of each property was considered, IAS 40 for investment properties, IAS 2 for inventory and IFRS 5 for non-current assets held for sale, to ensure each property has been classified correctly and therefore accounted for and disclosed within these financial statements in accordance with the relevant standard. External valuation reports were obtained and vouched to stated fair values. The competence and independence of the valuation experts was carefully considered to ensure that the reports they produce can be relied upon. A meeting was held with the valuers to challenge the assumptions in their report and discuss the movements in the values of specific properties. Supporting calculations for the long leasehold land and buildings were reviewed to ensure they are materiality accurate and any assumptions are considered to be reasonable.

KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE

We have no concerns over the material accuracy of investment properties and inventory values recognised in the financial statements.

VALUATION/IMPAIRMENT OF MINING RESERVES:	
Significance and nature of key risk	**How our audit addressed the key risk**
The purpose of mine development is to establish secure working conditions and infrastructure to allow the safe and efficient extraction of recoverable reserves. **Depreciation on mine development costs is not charged until production commences or the assets are put to use. On commencement of full commercial production, depreciation is charged over the life of the associated mine reserves extractable using the asset on a unit of production basis.** **The unit of production calculation is based on tonnes mined as a ratio to proven and probable reserves and also includes future forecast capital expenditure. The cost recognised includes the recognition of any decommissioning assets related to mine development.**	The accounting requirements of IFRS 6 and IAS 16 were considered to ensure capitalisation of costs to mine development under IAS 16 was appropriate. In considering impairment indicators, as governed by IAS 36, the life of mine assessment was obtained. All significant input variables were considered and stress-tested to assess headroom between modelling and the value of mine development. Consideration was given to the competence and independence of the technical expert involved with the production of historic technical reports on which the life of mine assessment is partially built. Depreciation of mine development was recalculated based on the unit of production basis to ensure accurately recorded. This basis was also considered for reasonableness by reference to the accounting policies of industry peers. The accuracy and appropriateness of mine development disclosures in the accounts were confirmed to be consistent with the mine development accounting cycle observed and audited.
KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE	
We have no concerns over the material accuracy of mining reserves and development values recognised in the financial statements.	

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	GROUP	PARENT COMPANY
Materiality	£1,153,000	£626,000
Basis for determining materiality	3% of net assets	3% of net assets
Rationale for benchmark applied	The group's principal activity is that of investment, management and development of industrial and retail property and exploration and mining operation. To this end, the business is highly asset focused. Therefore, a benchmark for materiality of the net assets of the group is considered to be appropriate.	The parent company's principal activity is that of investment, management and development of industrial and retail property. To this end, the business is highly asset focused. Therefore, a benchmark for materiality of the net assets of the group is considered to be appropriate.
Performance materiality	£807,000	£440,000
Basis for determining performance materiality	70% of materiality	70% of materiality
Rationale for performance materiality applied	On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 70% of our planning materiality. In assessing the appropriate level, we consider the nature of the group and that this is our first year of undertaking the audit of the Group.	On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 70% of our planning materiality. In assessing the appropriate level, we consider the nature of the group and that this is our first year of undertaking the audit of the Company.
Triviality threshold	£58,000	£31,000
Basis for determining triviality threshold	5% of materiality	5% of materiality

We reported all audit differences found in excess of our triviality threshold to the directors and the Audit Committee.

For each Group company within the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across each Group company was between £227,000 and £1,000. The scope of our audit was influenced by our application of materiality as we set certain quantitative thresholds for performance materiality and use these thresholds as a consideration tool to help to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

We determined component materiality for the parent company to be capped at below group materiality. This was also the case for group subsidiaries registered outside of the UK. For the trading subsidiaries, 3% of that subsidiary's net assets was used. Performance materiality was calculated at 70% of component materiality.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting including the following:

- Gaining an understanding of the systems and controls around managements' going concern assessment, including for the preparation and review process for forecasts and budgets.
- Evidence was obtained that management have undertaken a formal going concern assessment, including sensitivity analysis on cash flow forecasts, clear consideration of external factors including the COVID pandemic and the war in Ukraine and the potential liquidity impact of these on cash balances including available facilities.
- We have evaluated the financial strength of the business at the year end date.
- We tested the mechanical integrity of forecast model by checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions with reference to empirical data and external evidence.
- Based on our above assessment we performed our own sensitivity analysis in respect of the key assumptions underpinning the forecasts.
- We considered post year end performance of the business and any significant events which may impact the going concern of the group.
- The group's banking facility documentation was reviewed to ensure that any covenants in place have not been breached.
- We reviewed the adequacy and completeness of the disclosure included within the financial statements in respect of going concern.

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

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

OTHER INFORMATION

The 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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

OUR OPINION ON THE REMUNERATION REPORT

Kreston Reeves has audited the Annual remuneration report set out on pages 22 to 25 of the Annual Report for the year ended 31 December 2021. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with the Companies Act 2006. Kreston Reeves' responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with International Accounting Standards. In Kreston Reeves' opinion, the Remuneration Report of the Group for the year, complies with the requirements of the Companies Act 2006.

OPINIONS ON OTHER MATTERS PRESCRIBED BY 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 our knowledge and understanding of the Group and parent company and its 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 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

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 18;
- Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 9;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 9;
- Directors' statement on fair, balanced and understandable set out on page 29;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 10 to 11;
- Section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 20; and
- Section describing the work of the Audit Committee set out on page 28.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement (set out on page 29), 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 Group's and 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

CAPABILITY OF THE AUDIT IN DETECTING IRREGULARITIES, INCLUDING FRAUD

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, IFRS, FRS 101, taxation legislation and mining laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements including the valuation of investment properties and the mining reserves. Audit procedures performed by the group engagement team and component auditors included:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework and the relevant tax compliance regulations in the jurisdictions in which London & Associated Properties PLC operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, mainly relating to health and safety, employee matters, bribery and corruption practices, environmental and certain aspects of company legislation recognising the regulated nature of the Group's mining and oil and gas activities and its legal form; and
- Detailed discussions were held with management to identify any known or suspected instances of non- compliance with laws and regulations; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters which we are required to address

We were appointed by the audit committee on 19 November 2021 to audit the financial statements for the year ending 31 December 2021. Our total uninterrupted period of engagement is 1 year, covering the year ended 31 December 2021.

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.

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

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 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.

Stephen Tanner BSc(Econ) FCA (Senior Statutory Auditor)
For and on behalf of

Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London

28 April 2022

FINANCIAL STATEMENTS

Consolidated income statement

for the year ended 31 December 2021

	NOTES	2021 £'000	2020 £'000
Group revenue	1	**56,477**	35,018
Operating costs		**(53,457)**	(39,942)
Operating (loss)/profit		**3,020**	(4,924)
Finance income	4	**34**	30
Finance expenses	4	**(2,543)**	(2,869)
Result before revaluation and other movements		**511**	(7,763)
Non–cash changes in valuation of assets and liabilities and other movements			
Exchange (losses)/gains		**(121)**	39
Decrease in value of investment properties	8	**(111)**	(2,269)
Profit on disposal of investment properties		**436**	–
Loss on disposal of fixed assets		**(133)**	–
Increase in value of trading investments		**812**	67
Decrease in value of other investments		**–**	(20)
Adjustment to interest rate derivative	21	**130**	(200)
Profit/(loss) for the year before taxation	2	**1,524**	(10,146)
Income tax (charge)/credit	5	**(698)**	1,086
Profit/(loss) for the year		**826**	(9,060)
Attributable to:			
Equity holders of the Company		**(152)**	(6,704)
Non-controlling interest	24	**978**	(2,356)
Profit/(loss) for the year		**826**	(9,060)
Earnings per share			
Loss per equity share - basic and diluted	7	**(0.18)p**	(7.86)p

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit/(loss) for the year	**826**	(9,060)
Other comprehensive expense:		
Items that may be subsequently recycled to the income statement:		
Exchange differences on translation of Bisichi PLC foreign operations	**(63)**	(464)
Other comprehensive expense for the year net of tax	**(63)**	(464)
Total comprehensive income/(expense) for the year net of tax	**763**	(9,524)
Attributable to:		
Equity shareholders	**(177)**	(6,866)
Non–controlling interest	**940**	(2,658)
Total comprehensive income/(expense) for the year net of tax	**763**	(9,524)

Consolidated balance sheet

at 31 December 2021

	NOTES	2021 £'000	2020 £'000
Non–current assets			
Market value of properties attributable to Group	8	**37,945**	42,640
Present value of head leases	8	**3,221**	3,344
Property		**41,166**	45,984
Mining reserves, property, plant and equipment	9	**9,917**	10,986
Investments at fair value through profit and loss ("FVPL")	14	**3,631**	1,746
		54,714	58,716
Current assets			
Inventories - Property	12	**25,213**	25,013
Inventories - Mining	13	**1,253**	3,445
Assets held for sale	10	**504**	–
Trade and other receivables	15	**9,917**	8,190
Corporation tax recoverable		**19**	–
Investments in listed securities held at FVPL	16	**685**	833
Cash and cash equivalents		**8,518**	7,194
		46,109	44,675
Total assets		**100,823**	103,391
Current liabilities			
Trade and other payables	17	**(15,197)**	(16,133)
Borrowings	18	**(31,405)**	(10,274)
Lease liabilities	19	**(513)**	(514)
Interest rate derivatives		**(70)**	–
Current tax liabilities		**(726)**	(209)
		(47,911)	(27,130)
Non–current liabilities			
Borrowings	18	**(7,259)**	(30,853)
Interest rate derivatives	21	**–**	(200)
Lease liabilities	19	**(3,734)**	(3,865)
Provisions	20	**(1,391)**	(1,442)
Deferred tax liabilities	22	**(309)**	(355)
		(12,693)	(36,715)
Total liabilities		**(60,604)**	(63,845)
Net assets		**40,219**	39,546
Equity attributable to the owners of the parent			
Share capital	23	**8,554**	8,554
Share premium account		**4,866**	4,866
Translation reserve (Bisichi PLC)		**(1,055)**	(1,030)
Capital redemption reserve		**47**	47
Retained earnings (excluding treasury shares)		**17,415**	17,567
Treasury shares	23	**(144)**	(144)
Retained earnings		**17,271**	17,423
Total equity attributable to equity shareholders		**29,683**	29,860
Non–controlling interest	24	**10,536**	9,686
Total equity		**40,219**	39,546
Net assets per share attributable to equity shareholders	7	**34.78p**	34.99p

These financial statements were approved by the board of directors and authorised for issue on 28 April 2022 and signed on its behalf by:

Sir Michael Heller
Director

Jonathan Mintz
Director

Company Registration No. 341829

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2021

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	TRANSLA-TION RESERVES £'000	CAPITAL REDEMP-TION RESERVE £'000	TREASURY SHARES £'000	RETAINED EARNINGS EXCLUDING TREASURY SHARES £'000	TOTAL EXCLUDING NON–CON-TROLLING INTERESTS £'000	NON–CON-TROLLING INTERESTS £'000	TOTAL EQUITY £'000
Balance at 1 January 2020	8,554	4,866	(868)	47	(144)	24,271	36,726	12,407	49,133
Loss for year	–	–	–	–	–	(6,704)	(6,704)	(2,356)	(9,060)
Other comprehensive expense:									
Currency translation	–	–	(162)	–	–	–	(162)	(302)	(464)
Total other comprehensive expense	–	–	(162)	–	–	–	(162)	(302)	(464)
Total comprehensive expense	–	–	(162)	–	–	(6,704)	(6,866)	(2,658)	(9,524)
Transactions with owners:									
Dividends – non–controlling interests	–	–	–	–	–	–	–	(63)	(63)
Transactions with owners	–	–	–	–	–	–	–	(63)	(63)
Balance at 31 December 2020	8,554	4,866	(1,030)	47	(144)	17,567	29,860	9,686	39,546
(Loss)/profit for year	–	–	–	–	–	(152)	(152)	978	826
Other comprehensive expense:									
Currency translation	–	–	(25)	–	–	–	(25)	(38)	(63)
Total other comprehensive expense	–	–	(25)	–	–	–	(25)	(38)	(63)
Total comprehensive expense	–	–	(25)	–	–	(152)	(177)	940	763
Transactions with owners:									
Dividends – non–controlling interests	–	–	–	–	–	–	–	(90)	(90)
Transactions with owners	–	–	–	–	–	–	–	(90)	(90)
Balance at 31 December 2021	**8,554**	**4,866**	**(1,055)**	**47**	**(144)**	**17,415**	**29,683**	**10,536**	**40,219**

Consolidated cash flow statement

for the year ended 31 December 2021

	NOTES	2021 £'000	2020 £'000
Operating activities			
Profit/(loss) for the year before taxation		**1,524**	(10,146)
Finance income	4	**(34)**	(30)
Finance expense	4	**2,543**	2,869
Decrease in value of investment properties	8	**111**	2,269
Increase in value of trading investments		**(812)**	(47)
Adjustment to interest rate derivative	21	**(130)**	200
Profit on sale of invenstment properties		**(436)**	–
Depreciation	9	**2,815**	2,455
Loss on disposal of non-current assets		**133**	–
Development expenditure on inventories	12	**(1,016)**	(398)
Exchange adjustments		**121**	(39)
Change in inventories		**2,921**	1,173
Change in receivables		**(1,813)**	(380)
Change in payables		**(107)**	3,717
Cash generated from operations		**5,820**	1,643
Income tax paid		**(216)**	(198)
Cash inflows from operating activities		**5,604**	1,445
Investing activities			
Acquisition of investment properties, mining reserves, plant and equipment		**(1,871)**	(3,515)
Sale of investment properties		**4,219**	–
Disposal of other investments		**705**	253
Acquisition of other investments		**(1,630)**	(1,379)
Interest received		**34**	30
Cash inflows/(outflows) from investing activities		**1,457**	(4,611)
Financing activities			
Interest paid		**(2,621)**	(2,675)
Interest obligation under finance leases		**(199)**	(178)
Repayment of lease liabilities		**(235)**	(231)
Lease assignment costs paid		**(101)**	–
Receipt of bank loan - Bisichi PLC		**46**	61
Repayment of bank loan - Bisichi PLC		**(317)**	(200)
Repayment of bank loan - Dragon Retail Properties Ltd		**(21)**	–
Receipt of bank loan - London & Associated Properties PLC		**522**	105
Repayment of bank loan - London & Associated Properties PLC		**(606)**	(169)
Equity dividends paid - non-controlling interests		**–**	(63)
Cash outflows from financing activities		**(3,532)**	(3,350)
Net increase/(decrease) in cash and cash equivalents		**3,529**	(6,516)
Cash and cash equivalents at beginning of year		**2,348**	8,691
Exchange adjustment		**105**	173
Cash and cash equivalents at end of year		**5,982**	2,348

The cash flows above relate to continuing operations.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balance sheet amounts:

		2021 £'000	2020 £'000
Cash and cash equivalents (before bank overdrafts)		**8,518**	7,194
Bank overdrafts	18	**(2,536)**	(4,846)
Cash and cash equivalents at end of year		**5,982**	2,348

£1,000,000 of cash deposits at 31 December 2021 were charged as security to bank loans (2020: £nil).

Group accounting policies

The following are the principal Group accounting policies:

BASIS OF ACCOUNTING

The Group financial statements are prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006 and are additionally required under the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority to prepare the group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The consolidated financial statements transitioned to UK-adopted international accounting standards for the financial period beginning 1 January 2021. There was no impact or change in accounting policies from the transition. UK adopted International Accounting Standards differs in certain respects from International Financial Reporting Standards as adopted by the EU. The differences have no material impact on the Financial Statements for the periods presented, which therefore also comply with International Reporting Standards as adopted by the EU.

The directors have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and these are presented in Note 30.

The financial statements are prepared under the historical cost convention, except for the revaluation of freehold and leasehold properties and financial assets at fair value through profit and loss as well as fair value of interest rate derivatives at fair value.

The Group financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise stated.

The functional currency for each entity in the Group is the currency of the country in which the entity has been incorporated. Details of the country in which each entity has been incorporated can be found in note 11.

The exchange rates used in the accounts were as follows:

	£1 STERLING: RAND		£1 STERLING: DOLLAR	
	2021	2020	**2021**	2020
Year-end rate	**20.7672**	20.0145	**1.3706**	1.3663
Annual average	**20.4060**	21.0936	**1.3685**	1.2833

London & Associated Properties PLC ("LAP"), the parent company, is a public limited company incorporated and domiciled in England and quoted on the London Stock Exchange. The Company registration number is 341829. LAP and its subsidiaries ("the Group") consist of LAP, all of its subsidiary undertakings, including Bisichi PLC ("Bisichi") and Dragon Retail Properties Limited ("Dragon"). The Group without Bisichi and Dragon is referred to as LAP Group.

GOING CONCERN

In reviewing going concern it is necessary to consider separately the position of LAP Group and Bisichi. Although both are consolidated into group accounts (as required by IFRS 10), they are managed independently and in the unlikely event that Bisichi was unable to continue trading this would not affect the ability of LAP Group to continue operating as a going concern. The same would be true for Bisichi in reverse.

The directors have reviewed the cash flow forecasts of the LAP Group and the underlying assumptions on which they are based for the 15 months from the date of signing. The LAP Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman and Chief Executive's Statement and Financial Review. In addition, Note 21 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

As our tenants return to more normalised trading conditions following the lifting of all restrictions imposed in response to the pandemic, we do not consider uncertainty arising as a result of the pandemic to be an ongoing going concern matter. Tenant arrears increased as a result of the pandemic but this effect is not ongoing.

There are two significant loans which expire in 2022, the potential outcomes of which the directors have examined in detail when considering going concern. The directors have also considered the debt covenants on existing loans and the effects that a wide range of property valuation movements would have on these and the Group's ability to mitigate these effects. Debt refinancing in 2022 is the key going concern issue.

Subsequent to year end in the first quarter of 2022 geo-political events in Ukraine resulted in higher global energy prices. Although the final outcome of the events in Ukraine is uncertain, the Directors at present do not foresee the events having a significant negative impact on the Group's UK and South African operations' ability to remain in operation for the foreseeable future.

Debt Refinancing

The £10 million, 8.109% Aviva debenture expires in August 2022. Based on 31 December 2021 external valuations of the security held against this debenture, this has a loan to value of 58.9%. The security for this loan consists of a mix of industrial and community retail property. We are currently sourcing a new loan secured by these properties and other unencumbered properties held by the company and expect to conclude this in good time to repay the Aviva debenture in full and achieve significant ongoing debt service cost savings.

The £13.3 million, 5.95% + SONIA (with 1% to 1.5% collar), Phoenix CRE S.à r.l. term loan expires in September 2022, and is secured against the Orchard Square, Sheffield property, currently valued by the bank at £19.0 million, with a loan to value of 69.9%. Orchard Square, Sheffield is a development property with a number of value enhancing opportunities that we continue to explore prior to a sale. The loan has a one-year extension, which we will look to take up in order that development activities can be progressed and the value of the property optimised prior to a sale. Should a valuation by the bank result in an LTV breach then we consider there to be sufficient resources within the Group to cure this. Should the directors decide not to cure any breach then the property would be sold and the equity remaining after the repayment of the loan remitted to the Group. The directors do not consider that this would present a going concern risk to the Group based on likely cashflow effects.

Dragon has a £1.16 million 2.75% + bank base rate Santander term loan that expires in April 2022. An offer has been received from a new lender to refinance this loan in full, the particulars of which are being considered currently. Santander has offered an extension to the existing loan, should it be required, to enable a smooth transition to the new lender.

Broadway Regen has a £3.2 million 7.0% development loan expiring in April 2022. This is a residential development which is expected to have strong returns. An offer for a new loan has been received from a new lender at an improved debt cost and is expected to be in place in time to refinance the existing loan.

Bisichi PLC

The directors note the consideration of going concern by the Bisichi board, but also note that any failure of Bisichi would not itself impact on the going concern status of the LAP group for the reasons set out on page 8 of the financial statements.

The directors believe that the LAP Group has adequate resources to continue in operational existence for the foreseeable future and that the LAP Group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Bisichi directors continue to adopt the going concern basis of accounting in preparing the Bisichi annual financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for accounting periods beginning 1 January 2021.

The Group has not adopted any Standards or Interpretations in advance of the required implementation dates.

Certain new accounting standards and amendments are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these Financial Statements:

- Amendments to IFRS 3 Business Combinations Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities, Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract

The amendments that are not yet effective are not expected to have a material impact on the Group in the current or future reporting periods and on the foreseeable future transactions.

We are committed to improving disclosure and transparency and will continue to work with our different stakeholders to ensure they understand the detail of these accounting changes. We continue to remain committed to a robust financial policy.

KEY JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make assumptions and estimates that may affect the reported amounts of assets and liabilities and the reported income and expenses, further details of which are set out below. Although management believes that the assumptions and estimates used are reasonable, the actual results may differ from those estimates. Further details of the estimates and judgements which may have a material impact on next year's financial statements are contained in the Directors' Report.

PROPERTY OPERATIONS

Fair value measurements of investment properties

An assessment of the fair value of these assets is undertaken annually. The fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged between market participants. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty and is discussed further in the Directors' Report and shown in note 8.

Inventories - Property

When the Group begins to redevelop an existing investment property with a view to sale, the property is transferred to inventory and held as a current asset. The property is re-measured to fair value as at the date of the transfer with any gain or loss being taken to the income statement. The re-measured amount becomes the deemed cost at which the property is then carried in trading properties plus any costs for asset management initiatives or development in preparation for sale and subject to any provision required to reduce cost to net realisable value.

In assessing the net realisable value of a property development, the directors make significant estimates and judgements regarding, inter alia, forecast sales and costs per square foot, gross internal area, affordable housing allocations and appropriate rates of financing. The degree to which these variables can be accurately forecast will depend on the stage of development of the particular project and the impact of changes in these assumptions to the net realisable value could be material. Further detail is included in note 12.

TRADE DEBTORS

An estimate of lifetime expected credit losses under IFRS 9 using the simplified approach has been made by the Directors considering historic trade debtor recoveries, specific knowledge of individual debtors and forward looking macro-economic factors. Further detail is included in note 21.

MINING OPERATIONS

Life of mine and reserves

The directors of Bisichi consider their judgements and estimates surrounding the life of the mine and its reserves to have significant effect on the amounts recognised in the financial statements and to be an area where the financial statements are subject to significant estimation uncertainty. The life of mine remaining is currently estimated at 8 years. This life of mine is based on the group's existing coal reserves including reserves acquired but subject to regulatory approval. The life of mine excludes future coal purchases and coal reserve acquisitions. The group's estimates of proven and probable reserves are prepared utilising the South African code for the reporting of exploration results, mineral resources and mineral reserves (the SAMREC code) and are subject to assessment by an independent Competent Person experienced in the field of coal geology and specifically opencast and pillar coal extraction. Estimates of coal reserves impact assessments of the carrying value of property, plant and equipment, depreciation calculations and rehabilitation and decommissioning provisions. There are numerous uncertainties inherent in estimating coal reserves and changes to these assumptions may result in restatement of reserves. These assumptions include geotechnical factors as well as economic factors such as commodity prices, production costs and yield.

DEPRECIATION, AMORTISATION OF MINERAL RIGHTS, MINING DEVELOPMENT COSTS AND PLANT & EQUIPMENT

The annual depreciation/amortisation charge is dependent on estimates, including coal reserves and the related life of the mine, expected development expenditure for probable reserves, the allocation of certain assets to relevant ore reserves and estimates of residual values of the processing plant. The charge can fluctuate when there are significant changes in any of the factors or assumptions used, such as estimating mineral reserves which in turn affects the life of mine or the expected life of reserves. Estimates of proven and probable reserves are prepared by an independent Competent Person. Assessments of depreciation/amortisation rates against the estimated reserve base are performed regularly. Details of the depreciation/amortisation charge can be found in note 9.

PROVISION FOR MINING REHABILITATION INCLUDING RESTORATION AND DE-COMMISSIONING COSTS

A provision for future rehabilitation including restoration and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the timing, extent and costs of the rehabilitation activities and of the risk free rates used to determine the present value of the future cash outflows. The provisions, including the estimates and assumptions contained therein, are reviewed regularly by management. The Group engages an independent expert to assess the cost of restoration and decommissioning annually as part of management's assessment of the provision. Details of the provision for mining rehabilitation can be found in note 20.

MINING IMPAIRMENT

Property, plant and equipment representing the Group's mining assets in South Africa are reviewed for impairment at each reporting date. The impairment test is performed using the approved Life of Mine plan and those future cash flow estimates are discounted using asset specific discount rates and are based on expectations about future operations. The impairment test requires estimates about production and sales volumes, commodity prices, proven and probable reserves (as assessed by the Competent Person), operating costs and capital expenditures necessary to extract reserves in the approved Life of Mine plan. Changes in such estimates could impact recoverable values of these assets. Details of the carrying value of property, plant and equipment can be found in note 9.

The impairment test indicated significant headroom as at 31 December 2021 and therefore no impairment is considered appropriate. The key assumptions include: coal prices, including domestic coal prices based on recent pricing and assessment of market forecasts for export coal; production based on proven and probable reserves assessed by the independent Competent Person and yields associated with mining areas based on assessments by the Competent Person and empirical data. A 10% reduction in average forecast coal prices or a 14% reduction in yield would give rise to a breakeven scenario. However, the Bisichi directors consider the forecasted yield levels and pricing to be appropriate and supportable best estimates.

BASIS OF CONSOLIDATION

TThe Group accounts incorporate the accounts of LAP and all of its subsidiary undertakings, together with the Group's share of the results and net assets of its joint ventures.

Non–controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent company. When changes in ownership in a subsidiary do not result in a loss of control, the non–controlling shareholders' interests are initially measured at the non–controlling interests' proportionate share of the subsidiaries' net assets. Subsequent to this, the carrying amount of non–controlling interests is the amount of those interests at initial recognition plus the non–controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non–controlling interests even if this results in the non–controlling interests having a deficit balance.

SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

All intra Group transactions, balances, income and expenses are eliminated on consolidation. Details of the Group's subsidiary companies are set out in Note 11.

The directors are required to consider the implications of IFRS 10 on the LAP investment in Bisichi PLC ("Bisichi"). Related parties also have shareholdings in Bisichi. When combined with the 42% held by LAP and, taking account of the wide disposition of other shareholders, there is potential for LAP and these related parties to exercise voting control over Bisichi. IFRS 10 makes it clear that possible voting control is of more significance than actual management control.

For this reason the directors have concluded that there is a requirement to consolidate Bisichi with LAP. While, in theory, they could achieve control, in practice they do not get involved in the day to day operations of Bisichi. The directors have presented consolidated accounts using the published accounts of Bisichi but it is important to note that any figures, risks and assumptions attributable to that company are the responsibility of the Bisichi Board of directors.

As a result of treating Bisichi as a subsidiary, Dragon Retail Properties Limited, West Ealing Projects Limited and Development Physics Limited are also subsidiaries for accounting purposes, as LAP and Bisichi's combined ownership in these entities exceeds 50%.

GOODWILL

Goodwill arising on acquisition is recognised as an intangible asset and initially measured at cost, being the excess of the cost of the acquired entity over the Group's interest in the fair value of the assets and liabilities acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill arising from the difference in the calculation of deferred tax for accounting purposes and fair value in negotiations is judged not to be an asset and is accordingly impaired on completion of the relevant acquisition.

REVENUE

The Group's revenue from contracts with customers, as defined under IFRS 15, includes sales of coal and property income from rents, service charge and management fees.

Rental income
Rental income arises from properties where leases have granted tenants a right of occupation and use of the properties. Rental income and lease incentives are recognised in accordance with IFRS 16 Leases. Rental income from investment property is recognised as revenue on a straight-line basis over the lease term. Lease incentives and costs associated with entering into tenant leases are amortised over the lease term. Rent reviews are recognised when such reviews have been agreed with tenants.

Changes in the scope or the consideration for a lease, that was not part of the original terms and conditions, which might arise as a result of lease concessions, are accounted as a lease modification. Lease modifications are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Service charge income
Service charge income, property fee income and management fees are recognised in accordance with IFRS 15 Revenue from contracts with customers, which prescribes accounting nor taxable profit the use of a five-step model for the recognition of revenue. These income streams are recognised as revenue in the period in which they are earned.

Reverse surrender premiums
Payments received from tenants to surrender their lease obligations are recognised immediately in the income statement.

Dilapidations
Dilapidations monies received from tenants in respect of their lease obligations are recognised immediately in the income statement.

Other revenue
Revenue in respect of listed investments held for trading represents investment dividends received and profit or loss recognised on realisation. Dividends are recognised in the income statement when the dividend is received.

PROPERTY OPERATING EXPENSES

Operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to the income statement.

EMPLOYEE BENEFITS

Share based remuneration
The Group operates a long–term incentive plan and two share option schemes. The fair value of the conditional awards on shares granted under the long–term incentive plan and the options granted under the share option scheme is determined at the date of grant. This fair value is then expensed on a straight–line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. At each reporting date, the fair value of the non–market based performance criteria of the long–term incentive plan is recalculated and the expense is revised. In respect of the share option scheme, the fair value of options granted is calculated using the binomial method.

PENSIONS

The Company operates a defined contribution pension scheme. The contributions payable to the scheme are expensed in the period to which they relate.

FOREIGN CURRENCIES

Monetary assets and liabilities are translated at year end exchange rates and the resulting exchange rate differences are included in the consolidated income statement within the results of operating activities if arising from trading activities, including inter-company trading balances and within finance cost / income if arising from financing.

For consolidation purposes, income and expense items are included in the consolidated income statement at average rates, and assets and liabilities are translated at year end exchange rates. Translation differences arising on consolidation are recognised in other comprehensive income. Foreign exchange differences on intercompany loans are recorded in other comprehensive income when the loans are not considered trading balances and are not expected to be repaid in the foreseeable future. Where foreign operations are sold or closed, the cumulative exchange differences attributable to that foreign operation are recognised in the consolidated income statement when the gain or loss on disposal is recognised.

Transactions in foreign currencies are translated at the exchange rate ruling on transaction date.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets
Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVPL") depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVPL, at the end of each reporting period. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The group applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Group no longer recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The Group does not recognise financial liabilities when the Group's obligations are discharged, cancelled, or have expired.

Investments
Current financial asset investments and other investments classified as non-current ("The investments") comprise shares in listed companies. The investments are measured at fair value. Any changes in fair value are recognised in the consolidated income statement and accumulated in retained earnings.

Trade and other receivables
Trade receivables are recorded at amortised cost. As the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material, trade receivables which do not carry any interest are stated at their nominal value as reduced by credit loss allowances for estimated recoverable amounts.

Trade and other payables
Trade and other payables are non-interest bearing and are stated at their nominal value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

Bank loans and overdrafts
Bank loans and overdrafts are included as financial liabilities on the Group balance sheet net of the unamortised costs of issue. The cost of issue is recognised in the consolidated income statement over the life of the bank loan. Interest payable on those facilities is expensed as a finance cost in the period to which it relates.

Debenture loans
The debenture loan is included as a financial liability on the balance sheet net of the unamortised costs on issue. The cost of issue is recognised in the consolidated income statement over the life of the debenture. Interest payable to debenture holders is expensed in the period to which it relates.

Leases
At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. The Group recognises a right-of-use ("ROU") asset and the lease liability at the commencement date of the lease.

Lease liabilities include the present value of payments which generally include fixed payments and variable payments that depend on an index (such as an inflation index). Each lease payment is allocated between the liability and finance cost. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or if not, the incremental borrowing rate is used. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period. In the cashflow statement the principal and interest portions of the lease payments are classified within financing activities.

The ROU asset is measured at a cost based on the amount of the initial measurement of the lease liability, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received. The ROU asset (other than the ROU assets that relate to land or property that meets the definition of investment property under IAS 40) is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment. ROU assets are included in the heading Property, plant and equipment, and the lease liability is included in the headings current and non-current lease labilities on the Balance Sheet

Lease liabilities arise for those investment properties held under a leasehold interest and recorded as investment property. The liability is calculated as the present value of the minimum lease payments, reducing in subsequent reporting periods by the apportionment of payments to the lessor. Lease payments are allocated between the liability and finance charges to achieve a constant financing rate. Contingent rents payable, such as rent reviews or those related to rental income, are charged as an expense in the period in which they are incurred.

The Group has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for low value leases under £10,000. The payments for such leases are recognised in the Income Statement on a straight-line basis over the lease term.

Interest rate derivatives
The Group uses derivative financial instruments to hedge the interest rate risk associated with the financing of the Group's business. No trading in such financial instruments is undertaken. At each reporting date, these interest rate derivatives are recognised at their fair value to the business, being the Net Present Value of the difference between the hedged rate of interest and the market rate of interest for the remaining period of the hedge.

Ordinary shares
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares
When the Group's own equity instruments are repurchased, consideration paid is deducted from equity as treasury shares until they are cancelled. When such shares are subsequently sold or reissued, any consideration received is included in equity.

INVESTMENT PROPERTIES

Valuation
Investment properties are those that are held either to earn rental income or for capital appreciation or both, including those that are undergoing redevelopment for future use as an investment property. They are reported on the Group balance sheet at fair value, being the amount for which an investment property could be exchanged between knowledgeable and willing parties in an arm's length transaction. The directors' property valuation is at fair value.

The external valuation of properties is undertaken by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the locations and categories of properties being valued. Surpluses or deficits resulting from changes in the fair value of investment properties are reported in the Group income statement in the period in which they arise.

The Group owns a number of properties on long term and short-term leaseholds. These are leased out to tenants under operating leases, are classified as investment properties or development properties as appropriate and included in the balance sheet at fair value. The obligation to the freeholder or superior leaseholder for the buildings element of the leasehold is included in the balance sheet at the present value of the minimum lease payments at inception.

Capital expenditure
Investment properties are measured initially at cost, including related transaction costs. Additional expenditure of a capital nature, directly attributable to the redevelopment or refurbishment of an investment property held for future use as an investment property, up to the point of it being completed for its intended use, is capitalised in the carrying value of that property. Where there is a change of use, such as commencement of development with a view to sale, the property is transferred to inventory at deemed cost, which is its fair value on the date of the change in use. Capitalised interest is calculated with reference to the actual rate payable on borrowings for development purposes, or for that part of the development costs financed out of borrowings the capitalised interest is calculated on the basis of the average rate of interest paid on the relevant debt outstanding.

Disposal
The disposal of investment properties is recorded on completion of the contract. On disposal, any gain or loss is calculated as the difference between the net disposal proceeds and the valuation at the last year end plus subsequent capitalised expenditure in the period.

Depreciation and amortisation
In applying the fair value model to the measurement of investment properties, depreciation and amortisation are not provided.

OTHER ASSETS AND DEPRECIATION

OTHER ASSETS AND DEPRECIATION

The cost, less estimated residual value, of other property, plant and equipment is written off on a straight–line basis over the asset's expected useful life. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively. The depreciation rates generally applied are:

Motor vehicles	25–33 per cent per annum
Office equipment	10–33 per cent per annum

ASSETS HELD FOR SALE

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs of sale. Impairment losses on initial classification as assets held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investment is no longer equity accounted.

INVENTORIES–PROPERTY

PProperties held as trading inventory are those which are being developed with a view to sale. Inventories are recorded at the lower of cost and net realisable value. If the net realisable value of inventory is lower than its carrying value, an impairment loss is recorded in the income statement. If, in subsequent periods, the net realisable value of inventory that was previously impaired increases above its carrying value, the impairment is reversed to align the carrying value of the property with the net realisable value. Inventory is presented on the balance sheet within current assets.

INCOME TAXES

The charge for current taxation is based on the results for the year as adjusted for disallowed or non–assessable items. Tax payable upon realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations and is recorded using the balance sheet liability method. Deferred tax liabilities are generally 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. In respect of the deferred tax on the revaluation surplus, this is calculated on the basis of the chargeable gains that would crystallise on the sale of the investment portfolio as at the reporting date. The calculation takes account of indexation on the historic cost of properties and any available capital losses. 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 Group income statement, except when it relates to items charged or credited directly to equity, in which case it is also dealt with in equity.

DIVIDENDS

Dividends payable on the ordinary share capital are recognised as a liability in the period in which they are approved.

CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and on-demand deposits. Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and original maturities of three months or less.

The cash and cash equivalents shown in the cashflow statement are stated net of bank overdrafts that are repayable on demand in accordance with IAS 7. This includes the structured trade finance facility held in South Africa as detailed in note 21. These facilities are considered to form an integral part of the treasury management of the Group and can fluctuate from positive to negative balances during the period.

BISICHI PLC

Mining revenue

Coal revenue is derived principally from export revenue and domestic revenue.

Both export revenue and domestic revenue is recognised when the customer has a legally binding obligation to settle under the terms of the contract when the performance obligations have been satisfied, which is once control of the goods has transferred to the buyer at the delivery point. For export revenue this is generally recognised when the product is delivered to the export terminal location specified in the customer contract, at which point control of the goods have been transferred to the customer. For domestic coal revenues this is generally recognised on collection by the customer from the mine or from the mine's rail siding when loaded into transport, where the customer pays the transportation costs. Fulfilment costs to satisfy the performance obligations of coal revenues such as transport and loading costs borne by the Group from the mine to the delivery point are recoded in operating costs.

Coal revenue is measured based on consideration specified in the contract with a customer on a per metric tonne basis. Both export and domestic contracts are typically on a specified coal volume basis and less than a year in duration. Export contracts are typically linked to the price of Free on Board (FOB) Coal from Richards Bay Coal Terminal (API4 price). Domestic contracts are typically linked to a contractual price agreed.

Mining costs

Expenditure is recognised in respect of goods and services received. Where coal is purchased from third parties at point of extraction the expenditure is only recognised when the coal is extracted and all of the significant risks and rewards of ownership have been transferred.

Mining reserves, plant and equipment

The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in accordance with agreed specifications. Freehold land is not depreciated. Other property, plant and equipment is stated at historical cost less accumulated depreciation. The cost recognised includes the recognition of any decommissioning assets related to property, plant and equipment.

Heavy surface mining and other plant and equipment is depreciated at varying rates depending upon its expected usage. The depreciation rates generally applied are between 5-10 per cent per annum, but limited to the shorter of its useful life or the life of the mine.

Other non–current assets, comprising motor vehicles and office equipment, are depreciated at a rate of between 10% and 33% per annum which is calculated to write off the cost, less estimated residual value of the assets, on a straight line basis over their expected useful lives.

Mine inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and overheads relevant to the stage of production. Cost is determined using the weighted average method. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Mine provisions
Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

A provision for rehabilitation of the mine is initially recorded at present value and the discounting effect is unwound over time as a finance cost. Changes to the provision as a result of changes in estimates are recorded as an increase/decrease in the provision and associated decommissioning asset. The decommissioning asset is depreciated in line with the Group's depreciation policy over the life of mine. The provision includes the restoration of the underground, opencast, surface operations and de-commissioning of plant and equipment. The timing and final cost of the rehabilitation is uncertain and will depend on the duration of the mine life and the quantities of coal extracted from the reserves.

Mine impairment
Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable that asset is reviewed for impairment. This includes mining reserves, plant and equipment and net investments in joint ventures. A review involves determining whether the carrying amounts are in excess of the recoverable amounts.

An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken on a company or Group level.

If the carrying amount of an asset exceeds its recoverable amount the carrying value is written down to its estimated recoverable amount (being the higher of the fair value less cost to sell and value in use). Any change in carrying value is recognised in the comprehensive income statement.

Mine reserves and development cost
The purpose of mine development is to establish secure working conditions and infrastructure to allow the safe and efficient extraction of recoverable reserves. Depreciation on mine development is not charged until production commences or the assets are put to use. On commencement of full commercial production, depreciation is charged over the life of the associated mine reserves extractable using the asset on a unit of production basis. The unit of production calculation is based on tonnes mined as a ratio to proven and probable reserves and also includes future forecast capital expenditure. The cost recognised includes the recognition of any decommissioning assets related to mine development.

Post production stripping
In surface mining operations, the Group may find it necessary to remove waste materials to gain access to coal reserves prior to and after production commences. Prior to production commencing, stripping costs are capitalised until the point where the overburden has been removed and access to the coal seam commences. Subsequent to production, waste stripping continues as part of the extraction process as a run of mine activity. There are two benefits accruing to the Group from stripping activity during the production phase: extraction of coal that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. Economic coal extracted is accounted for as inventory. The production stripping costs relating to improved access to further quantities in future periods are capitalised as a stripping activity asset, if and only if, all of the following are met:

- it is probable that the future economic benefit associated with the stripping activity will flow to the Group;
- the Group can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component or components can be measured reliably.

In determining the relevant component of the coal reserve for which access is improved, the Group separates its mine into geographically distinct sections or phases to which the stripping activities being undertaken within that component are allocated. Such phases are determined based on assessment of factors such as geology and mine planning.

The Group depreciates deferred costs capitalised as stripping assets on a unit of production method, with reference to the tons mined and reserve of the relevant ore body component or phase.

SEGMENTAL REPORTING

For management reporting purposes, the Group is organised into business segments distinguishable by economic activity. The Group's business segments are LAP operations, Bisichi operations and Dragon operations. These business segments are subject to risks and returns that are different from those of other business segments and are the primary basis on which the Group reports its segmental information. This is consistent with the way the Group is managed and with the format of the Group's internal financial reporting. Significant revenue from transactions with any individual customer, which makes up 10 per cent or more of the total revenue of the Group, is separately disclosed within each segment. All coal exports are sales to coal traders at Richard Bay's terminal in South Africa with the risks and rewards passing to the coal trader at the terminal. Whilst the coal traders will ultimately sell the coal on the international markets the Group has no visibility over the ultimate destination of the coal. Accordingly, the export sales are recorded as South Africa revenue.

LAP and its subsidiaries ("the Group") consist of LAP, all of its subsidiary undertakings, including Bisichi PLC ("Bisichi") and Dragon Retail Properties Limited ("Dragon"). The Group without Bisichi and Dragon is referred to as LAP Group.

Notes to the financial statements

for the year ended 31 December 2021

1. RESULTS FOR THE YEAR AND SEGMENTAL ANALYSIS

These operating segments (LAP, Bisichi and Dragon) are each viewed separately and have been so reported below.

Business segments

BUSINESS ANALYSIS	LAP £'000	BISICHI £'000	DRAGON £'000	2021 TOTAL £'000
Rental income	5,024	904	125	**6,053**
Service charge income	852	130	23	**1,005**
Management income from third party properties	18	–	–	**18**
Mining	–	49,401	–	**49,401**
Group Revenue	5,894	50,435	148	**56,477**
Direct property costs	(2,181)	(200)	(25)	**(2,406)**
Impairment of inventory - property	(816)	–	–	**(816)**
Direct mining costs	–	(38,008)	–	**(38,008)**
Overheads	(2,345)	(7,035)	(32)	**(9,412)**
Depreciation	(241)	(2,571)	(3)	**(2,815)**
Operating profit	311	2,621	88	**3,020**
Finance income	12	22	–	**34**
Finance expenses	(1,713)	(799)	(31)	**(2,543)**
Result before valuation movements	(1,390)	1,844	57	**511**
Other segment items				
Net (decrease)/increase on revaluation of investment properties	(316)	255	(50)	**(111)**
Profit on disposal of investment properties	436	–	–	**436**
Exchange losses	–	(121)	–	**(121)**
Net increase on revaluation of investments held for trading	–	812	–	**812**
Loss on disposal of fixed assets	(133)	–	–	**(133)**
Adjustment to interest rate derivative	130	–	–	**130**
Revaluation and other movements	117	946	(50)	**1,013**
Loss for the year before taxation	(1,273)	2,790	7	**1,524**
Segment assets				
- Non-current assets - property	28,386	10,700	2,080	**41,166**
- Non-current assets - plant & equipment	840	9,065	12	**9,917**
- Non-current assets - other	–	3,631	–	**3,631**
- Inventory - property	25,213	–	–	**25,213**
- Current assets - others	1,131	10,367	376	**11,874**
- Assets held for sale	504	–	–	**504**
- Cash & cash equivalents	5,473	3,018	27	**8,518**
Total assets	61,547	36,781	2,495	**100,823**
Segment liabilities				
Borrowings	(30,981)	(6,519)	(1,164)	**(38,664)**
Current liabilities	(5,172)	(11,272)	(62)	**(16,506)**
Non-current liabilities	(3,148)	(2,286)	–	**(5,434)**
Total liabilities	(39,301)	(20,077)	(1,226)	**(60,604)**
Net assets	22,246	16,704	1,269	**40,219**
Major customers				
Customer A	–	23,206	–	**23,206**
Customer B	–	12,656	–	**12,656**
Customer C	–	6,169	–	**6,169**

These customers are for mining revenue in South Africa.

GEOGRAPHIC ANALYSIS	UNITED KINGDOM £'000	SOUTH AFRICA £'000	2021 TOTAL £'000
Revenue	7,300	49,177	**56,477**
Operating loss	183	2,837	**3,020**
Non-current assets excluding investments	42,066	9,017	**51,083**
Total net assets	36,784	3,435	**40,219**
Capital expenditure	409	1,781	**2,190**

1. RESULTS FOR THE YEAR AND SEGMENTAL ANALYSIS CONTINUED

BUSINESS ANALYSIS	LAP £'000	BISICHI £'000	DRAGON £'000	2020 TOTAL £'000
Rental income	4,377	919	108	5,404
Service charge income	795	156	21	972
Management income from third party properties	18	-	-	18
Mining	-	28,624	-	28,624
Group Revenue	5,190	29,699	129	35,018
Direct property costs	(2,192)	(142)	(5)	(2,339)
Impairment of inventory - property	(2,300)	-	-	(2,300)
Direct mining costs	-	(24,645)	-	(24,645)
Overheads	(2,317)	(5,820)	(28)	(8,165)
Exchange losses	-	(38)	-	(38)
Depreciation	(258)	(2,193)	(4)	(2,455)
Operating loss/(profit)	(1,877)	(3,139)	92	(4,924)
Finance income	5	25	-	30
Finance expenses	(2,200)	(641)	(28)	(2,869)
Result before valuation movements	(4,072)	(3,755)	64	(7,763)
Other segment items				
Net decrease on revaluation of investment properties	(664)	(1,295)	(310)	(2,269)
(Decrease)/increase in value of other investments	(20)	39	-	19
Net increase on revaluation of investments held for trading	-	67	-	67
Adjustment to interest rate derivative	(200)	-	-	(200)
Revaluation and other movements	(884)	(1,189)	(310)	(2,383)
Loss for the year before taxation	(4,956)	(4,944)	(246)	(10,146)
Segment assets				
- Non-current assets - property	33,383	10,471	2,130	45,984
- Non-current assets - plant & equipment	797	10,174	15	10,986
- Cash & cash equivalents	3,413	3,768	13	7,194
- Inventories - property	25,013	-	–	25,013
- Non-current assets - other	-	1,746	–	1,746
- Current assets - others	978	11,037	453	12,468
Total assets	63,584	37,196	2,611	103,391
Segment liabilities				
Borrowings	(30,889)	(9,053)	(1,185)	(41,127)
Current liabilities	(5,898)	(10,866)	(92)	(16,856)
Non-current liabilities	(3,526)	(2,343)	7	(5,862)
Total liabilities	(40,313)	(22,262)	(1,270)	(63,845)
Net assets	23,271	14,934	1,341	39,546
Major customers				
Customer A	-	9,042	–	9,042
Customer B	-	7,588	–	7,588
Customer C	-	6,291	–	6,291

These customers are for mining revenue in South Africa.

GEOGRAPHIC ANALYSIS	UNITED KINGDOM £'000	SOUTH AFRICA £'000	2020 TOTAL £'000
Revenue	6,521	28,497	35,018
Operating loss	(1,323)	(3,601)	(4,924)
Non-current assets excluding investments	46,842	10,128	56,970
Total net assets	36,636	2,910	39,546
Capital expenditure	365	3,435	3,800

Group revenue is external to the Group and the directors consider that inter segmental revenues are not material.

2. LOSS BEFORE TAXATION

	2021 £'000	2020 £'000
Profit/(loss) before taxation is stated after charging/(crediting):		
Staff costs (see note 26)	**8,999**	7,289
Depreciation on tangible fixed assets - owned assets	**2,577**	2,200
Depreciation on tangible fixed assets - right of use	**238**	255
Exchange loss	**(121)**	39
Amounts payable to the auditor in respect of both audit and non-audit services		
Audit services		
Statutory - Company and consolidation	**41**	88
Subsidiaries - audited by KR (2020: RSM)	**71**	19
Subsidiaries - audited by other auditors	**8**	110
Further assurance services	**6**	4
Other services	**–**	9
	126	230

Staff costs are included in overheads.

3. DIRECTORS' EMOLUMENTS

	2021 £'000	2020 £'000
Emoluments	**1,037**	805
Defined contribution pension scheme contributions	**47**	45
	1,084	850

Sir Michael Heller received £83,000 (2020: £83,000) as a Director of Bisichi PLC.

Details of directors' emoluments and share options are set out in the remuneration report.

4. FINANCE INCOME AND EXPENSES

	2021 £'000	2020 £'000
Finance income	**34**	30
Finance expenses		
Interest on bank loans and overdrafts	**(1,345)**	(1,615)
Other loans	**(1,121)**	(968)
Interest on lease obligations	**(77)**	(286)
Total finance expenses	**(2,543)**	(2,869)

5. INCOME TAX

	2021 £'000	2020 £'000
Current tax		
Corporation tax on profit of the period	**750**	30
Corporation tax on profit of previous periods	**(19)**	2
Total current tax	**731**	32
Deferred tax		
Loss relief	**386**	109
Origination of timing differences	**(99)**	117
Revaluation of investment properties	**227**	(201)
Accelerated capital allowances	**(111)**	(1,143)
Unredeemed capital reductions	**(443)**	–
Adjustment in respect of prior years	**7**	–
Total deferred tax (note 22)	**(33)**	(1,118)
Tax on profit on ordinary activities	**698**	(1,086)

5. INCOME TAX CONTINUED

Factors affecting tax charge for the year

The corporation tax assessed for the year is different from that at the effective rate of corporation tax in the United Kingdom of 19.00 per cent (2020: 19.00 per cent). The differences are explained below:

	2021 £'000	2020 £'000
Profit/(loss) for the year before taxation	**1,524**	(10,146)
Taxation at 19 per cent (2020: 19 per cent)	**290**	(1,927)
Effects of:		
Capital gains / (losses) on disposal	**(63)**	–
Other differences	**59**	334
Losses not recognised	**52**	973
Non taxable income	**174**	**–**
Adjustment in respect of prior years	**(19)**	2
Deferred tax rate adjustment	**205**	(468)
Income tax charge for the year	**698**	(1,086)

Analysis of United Kingdom and overseas tax:

United Kingdom tax included in above:

	2021 £'000	2020 £'000
Corporation tax	**-**	18
Adjustment in respect of prior years	**(19)**	-
Current tax	**(19)**	18
Deferred tax	**74**	(14)
	55	4

Overseas tax included above:

	2021 £'000	2020 £'000
Corporation tax	**750**	12
Adjustments in respect of prior years	**-**	2
Current tax	**750**	14
Deferred tax	**(107)**	(1,104)
	643	(1,090)

Overseas tax is derived from the Group's South African mining operation. The deferred tax rate adjustment arises due to the deferred tax rate used in the UK for the year of 25% (2020: 19%) and the corporation tax rate assessed in South Africa for the year of 28% (2020: 28%) being different from the corporation tax rate in the UK.

Factors that may affect future tax charges:

Based on current capital expenditure plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years, but at a slightly lower level than in the current year.

A deferred tax provision has been made for gains on revaluing investment properties.

The Finance (no. 2) Act 2017 was substantively enacted on 16 November 2017. This includes a restriction on the utilisation of brought forward tax losses and corporate interest in certain circumstances effective from 1 April 2017.

An increase in the rate of corporation tax to 25% from April 2023 was substantially enacted on 24 May 2021. The impact of this increase in the Corporation Tax rate, which will be recognised in 2023, is likely to be negligible.

6. DIVIDEND

No dividends were paid in the year relating to the current or prior period (2020: Nil)
The Directors are not recommending a final dividend for 2021 (2020: Nil), because of the uncertain state of the global economy.

7. LOSS PER SHARE AND NET ASSETS PER SHARE

Loss per equity share has been calculated as follows:

	2021	2020
Loss attributable to equity shareholders for the year (£'000)	**(152)**	(6,704)
Weighted average number of ordinary shares in issue ('000)	**85,326**	85,325
Loss per equity share	**(0.18)p**	(7.86)p

Weighted average number of shares in issue is calculated after excluding treasury shares of 216,715 (2020: 218,197).

Net assets per equity share have been calculated as follows:

	2021	2020
Net assets attributable to equity shareholders (£'000)	**29,683**	29,860
Shares in issue ('000)	**85,326**	85,325
Net assets per equity share	**34.78p**	34.99p

8. INVESTMENT PROPERTIES

	TOTAL £'000	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost or valuation at 1 January 2021	45,984	29,953	15,834	197
Transfer to assets held for sale (note 10)	(504)	(504)	–	–
Capital expenditure	90	90	–	–
Disposals	(4,170)	(4,170)	–	–
Decrease in present value of head leases	(123)	–	(123)	–
(Decrease)/increase on revaluation	(111)	1,654	(1,775)	10
At 31 December 2021	**41,166**	**27,023**	**13,936**	**207**
Representing assets stated at:				
Valuation	37,945	27,023	10,721	201
Present value of head leases	3,221	–	3,215	6
	41,166	**27,023**	**13,936**	**207**
At 31 December 2021	**41,166**	**27,023**	**13,936**	**207**
At 31 December 2020	45,984	29,953	15,834	197

	TOTAL £'000	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost or valuation at 1 January 2020	47,906	30,658	17,041	207
Acquisition of property	329	329	-	-
Increase in present value of head leases	18	-	18	-
Decrease on revaluation	(2,269)	(1,034)	(1,225)	(10)
At 31 December 2020	**45,984**	**29,953**	**15,834**	**197**
Representing assets stated at:				
Valuation	42,640	29,953	12,497	190
Present value of head leases	3,344	–	3,337	7
	45,984	**29,953**	**15,834**	**197**

The leasehold and freehold properties, excluding the present value of head lease, were valued as at 31 December 2021 by professionally qualified independent firms of chartered surveyors. The valuations were made at fair value. The directors' property valuations in 2020 were made at fair value.

	2021 £'000	2020 £'000
Allsop LLP	**27,420**	31,620
Carter Towler	**10,525**	10,270
Directors' valuations	**-**	750
	37,945	42,640
Add: present value of headleases	**3,221**	3,344
	41,166	45,984

Head leases on investment property represent the right-of-use asset on certain investment property that has a head lease interest. In the current year total cash outflow for head leases and other lease liabilities is £0.2 million (2020: £0.2 million). A number of these leases provide for payment of contingent rent, usually a proportion of net rental income, in addition to fixed rents.

The historical cost of investment properties, including total capitalised interest of £1,161,000 (2020: £1,161,000) was as follows:

	2021 FREEHOLD £'000	2021 LEASEHOLD OVER 50 YEARS £'000	2021 LEASEHOLD UNDER 50 YEARS £'000	2020 FREEHOLD £'000	2020 LEASEHOLD OVER 50 YEARS £'000	2020 LEASEHOLD UNDER 50 YEARS £'000
Cost at 1 January	35,542	18,883	785	35,213	18,883	785
Transfer to assets held for sale (note 10)	(674)	–	–	–	–	–
Additions	90	–	–	329	–	–
Disposals	(4,205)	–	–	–	–	–
Cost at 31 December	**30,753**	**18,883**	**785**	35,542	18,883	785

8. INVESTMENT PROPERTIES CONTINUED

Each year external valuers are appointed by the executive directors on behalf of the Board. The valuers are selected based upon their knowledge, independence and reputation for valuing assets such as those held by the Group.

Valuations are performed annually and are performed consistently across all properties in the Group's portfolio. At each reporting date appropriately qualified employees of the Group verify all significant inputs and review the computational outputs. Valuers submit their report to the Board on the outcome of each valuation.

Valuations take into account tenure, lease terms and structural condition. The inputs underlying the valuations include market rent or business profitability, likely incentives offered to tenants, forecast growth rates, yields, EBITDA, discount rates, construction costs including any specific site costs (for example section 106), professional fees, developer's profit including contingencies, planning and construction timelines, lease regear costs, planning risk and sales prices based on known market transactions for similar properties to those being valued.

Valuations are based on what is determined to be the highest and best use. When considering the highest and best use the valuer will consider, on a property by property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and likelihood of achieving and implementing this change in arriving at the valuation.

There are often restrictions on Freehold and Leasehold property which could have a material impact on the realisation of these assets. The most significant of these occur when planning permission or lease extension and renegotiation of use are required or when a credit facility is in place. These restrictions are factored into the property's valuation by the external valuer.

The methods of fair value measurement are classified into a hierarchy based on the reliability of the information used to determine the valuation, as follows:

Level 1: valuation based on inputs on quoted market prices in active markets.

Level 2: valuation based on inputs other than quoted prices included within level 1 that maximise the use of observable data directly or from market prices or indirectly derived from market prices.

Level 3: where one or more significant inputs to valuations are not based on observable market data.

CLASS OF PROPERTY LEVEL 3	CARRYING / FAIR VALUE 2021 £'000	CARRYING/ FAIR VALUE 2020 £'000	VALUATION TECHNIQUE	KEY UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE) 2021	RANGE (WEIGHTED AVERAGE) 2020
Freehold – external valuation	**27,023**	29,205	Income capitalisation	Estimated Rental Value Per sq ft p.a Equivalent Yield	**£6 – £33 (£17)** **5.5% – 14.7% (9.3%)**	**£5 – £33 (£15)** **5.5% – 16.7% (10.3%)**
Leasehold over 50 years – external valuation	**10,721**	12,495	Income capitalisation	Estimated Rental Value Per sq ft p.a Equivalent Yield	**£5 – £10 (£7)** **5.8% – 22.3% (16.5%)**	**£5 – £10 (£7)** **5.8% – 22.7% (15.6%)**
Leasehold under 50 years – external valuation	**201**	190	Income capitalisation	Estimated Rental Value Per sq ft p.a Equivalent Yield	**£5 – £5 (£5)** **28.8% - 28.8% (28.8%)**	**£5 – £5 (£5)** **31.6% – 31.6% (31.6%)**
Freehold – Directors' valuation	**-**	750	Income capitalisation	Estimated Rental Value Per sq ft p.a Equivalent Yield	**n/a**	**£4 – £4 (£4)** **12.1% – 12.1% (12.1%)**
At 31 December	**37,945**	42,640				

There are interrelationships between all these inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the input on the valuation. The impact on the valuation will be mitigated by the interrelationship of two inputs in opposite directions, for example, an increase in rent may be offset by an increase in yield.

The table below illustrates the impact of changes in key unobservable inputs on the carrying / fair value of the Group's properties.

	ESTIMATED RENTAL VALUE 10% INCREASE OR (DECREASE)		**EQUIVALENT YIELD** 25 BASIS POINT CONTRACTION OR (EXPANSION)	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Freehold – external valuation	**2,700(2,700)**	2,918/(2,918)	**852(799)**	859/(809)
Leasehold over 50 years – external valuation	**1,072(1,072)**	1,250/(1,250)	**193(186)**	255/(244)
Leasehold under 50 years – external valuation	**20(20)**	19/(19)	**2/(2)**	2/(1)
Freehold – Directors' valuation	**n/a**	75/(75)	**n/a**	16/(15)

9. MINING RESERVES, PLANT AND EQUIPMENT

	TOTAL £'000	MINING RESERVES £'000	MINING EQUIPMENT £'000	RIGHT OF USE ASSET - OFFICE BUILDING £'000	OFFICE EQUIPMENT AND MOTOR VEHICLES £'000
Cost at 1 January 2021	31,589	1,138	28,371	1,164	916
Exchange adjustment	(1,115)	(41)	(1,059)	–	(15)
Additions	2,604	–	1,772	788	44
Disposals	(1,409)	–	(21)	(1,164)	(224)
At 31 December 2021	**31,669**	**1,097**	**29,063**	**788**	**721**
Accumulated depreciation at 1 January 2021	20,603	1,123	18,399	466	615
Exchange adjustment	(761)	(41)	(710)	–	(10)
Charge for the year	2,815	7	2,498	238	72
Disposals in year	(905)	–	(21)	(660)	(224)
Accumulated depreciation at 31 December 2021	**21,752**	**1,089**	**20,166**	**44**	**453**
Net book value at 31 December 2021	**9,917**	**8**	**8,897**	**744**	**268**
Cost at 1 January 2020	29,860	1,226	26,674	1,054	906
Exchange adjustment	(1,852)	(88)	(1,733)	–	(31)
Valuation increase	110	–	–	110	–
Additions	3,471	–	3,430	–	41
Cost at 31 December 2020	31,589	1,138	28,371	1,164	916
Accumulated depreciation at 1 January 2020	19,388	1,212	17,405	211	560
Exchange adjustment	(1,240)	(89)	(1,136)	–	(15)
Charge for the year	2,455	–	2,130	255	70
Accumulated depreciation at 31 December 2020	20,603	1,123	18,399	466	615
Net book value at 31 December 2020	10,986	15	9,972	698	301

Included in the above line items are right-of-use assets over the following:

	TOTAL £'000	MINING EQUIPMENT £'000	OFFICE BUILDING £'000	OFFICE EQUIPMENT AND MOTOR VEHICLES £'000
Net book value at 1 January 2021	1,006	263	698	45
Exchange adjustment	(6)	(6)	-	-
Additions	823	-	788	35
Disposals	(504)	-	(504)	-
Depreciation	(308)	(38)	(238)	(32)
Net book value at 31 December 2021	**1,011**	**219**	**744**	**48**
Net book value at 1 January 2020	924	52	843	29
Revaluation	109	-	109	-
Additions	284	248	-	36
Exchange adjustment	(18)	(18)	-	-
Depreciation	(293)	(19)	(254)	(20)
Net book value at 31 December 2020	**1,006**	**263**	**698**	**45**

10. ASSETS HELD FOR SALE

	2021 £'000	2020 £'000
At 1 January	**–**	–
Transfer from investment property (note 8)	**504**	–
At 31 December	**504**	–

In December 2021 a retail market in Rugeley was placed for sale with an auction house and the sale subsequently completed in January 2022. The property was therefore reclassified as an asset held for sale at 31 December 2021 and valued at its sales value less costs of sale before being transferred.

11. SUBSIDIARY COMPANIES

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, the principal activity, the country of incorporation and the percentage of equity owned, as at 31 December 2021 is disclosed below:

ENTITY	ACTIVITY	PERCENTAGE OF SHARE CAPITAL	REGISTERED ADDRESS	COUNTRY OF INCORPORATION
Analytical Investments Limited (note F)	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Analytical Portfolios Limited (note F)	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Analytical Properties Holdings Limited	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Analytical Properties Limited	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Analytical Ventures Limited (note F)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
24 Bruton Place Limited (note F)	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
24 BPL (Harrogate) Limited (note F)	Investment	88%	12 Little Portland Street, London W1W 8BJ	England and Wales
24 BPL (Harrogate) Two Limited (note F)	Investment	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Brixton Village Limited (note F)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Market Row Limited (note F)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Newincco 1243 Limited (note F)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Newincco 1244 Limited (note F)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Newincco 1245 Limited (note F)	Property Management Services	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Newincco 1299 Limited (note F)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Newincco 1300 Limited (note F)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
LAP Ocean Holdings Limited	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
LAP Ocean Two Limited (note F)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
London & Associated Limited (note F)	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
London & Associated (Rugeley) Limited	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
London & Associated Securities Limited	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
London & Associated Management Services Limited	Property Management Services	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
London & African Investments Limited (note F)	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Orchard Chambers Residential Limited	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Orchard Square Limited	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Bisichi PLC (note D)	Coal mining	41.52%	12 Little Portland Street, London W1W 8BJ	England and Wales
Mineral Products Limited (notes A, D)	Share dealing	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Bisichi (Properties) Limited (notes A, D)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Bisichi Mining (Exploration) Limited (notes A, D)	Holding company	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Sisonke Coal Processing (pty) Limited (notes A, D)	Coal processing	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Black Wattle Colliery (Pty) Limited (notes A, D)	Coal mining	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Bisichi Coal Mining (Pty) Limited (notes A, D)	Coal mining	100%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Urban First (Northampton) Limited (notes A, D)	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Bisichi Trustee Limited (notes A, D)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Bisichi Mining Management Services Limited (notes A, D)	Dormant	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Ninghi Marketing Limited (notes A, D)	Dormant	90.1%	12 Little Portland Street, London W1W 8BJ	England and Wales
Bisichi Northampton Limited (notes A, D)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
Amandla Ehtu Mineral Resource Development (Pty) Limited (notes A, D)	Dormant	70%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Black Wattle Klipfontein (Pty) Limited (notes A, D)	Coal mining	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Dragon Retail Properties Limited (notes B, D)	Property	50%	12 Little Portland Street, London W1W 8BJ	England and Wales
Newincco 1338 Limited (notes C, F)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales
West Ealing Projects Limited (notes B, D)	Property	50%	12 Little Portland Street, London W1W 8BJ	England and Wales
Broadway Regen Limited (notes D, E)	Property	90%	73 Cornhill, London, EC3V 3QQ	England and Wales
Development Physics Limited (notes D, G)	Property	33.3%	12 Little Portland Street, London W1W 8BJ	England and Wales
DP (Pampisford) Limited (notes D, H)	Property	100%	12 Little Portland Street, London W1W 8BJ	England and Wales

Details on the non–controlling interest in subsidiaries are shown under note 25.

Companies shown as Dormant are exempt from audit by virtue of s479A Companies Act 2006.

Note A: these companies are owned by Bisichi and the equity shareholdings disclosed relate to that company.

Note B: this entity is a joint venture owned 50% by LAP and 50% by Bisichi.

Note C: this company is owned by Dragon and the equity shareholdings disclosed relate to that company.

Note D: Bisichi, Dragon, West Ealing Projects, Development Physics and their subsidiaries are included in the consolidated financial statements in accordance with IFRS 10.

Note E: This company is 90% owned by West Ealing Projects and the equity shareholdings disclosed relate to that company.

Note F: These companies have been dissolved after the 31st December 2021.

Note G: This entity is a joint venture owned 33.33% by LAP and 33.33% by Bisichi

Note H: This company is 100% owned by Development Physics and the equity shareholdings disclosed relate to that company.

12. INVENTORIES - PROPERTY

Development property and infrastructure:

	2021 £'000	2020 £'000
At 1 January	**25,013**	26,915
Capitalised expenditure	**738**	116
Capitalised interest	**278**	282
Impairments	**(816)**	(2,300)
At 31 December	**25,213**	25,013

The net realisable value of developments is assessed by the directors and is subject to key estimates made in respect of future sales prices and build costs. Variations in these assumptions can have significant effects on the net realisable value of developments.

In 2018 the Group acquired a development property through West Ealing Projects Limited a 50:50 joint venture with Bisichi. This property is held at cost of £7.481 million (2020: £7.056 million) and is currently being developed for sale.

In 2018 the Group decided to develop for sale Orchard Square, Sheffield and transferred the asset to inventory. In 2019 part of this property was sold. The remainder of the property is held at a value of £17.5 million, being cost of £22.4 million less an impairment provision of £4.9 million, and continues to be developed for sale. A 5% movement in the estimated sales price of this development would have an effect of £2.4 million (2020: £2.4 million) on its net realisable value. A 5% movement in the estimated build costs of this development would have an effect of £1.8 million (2020: £1.8 million) on its net realisable value. The uncertainties in the assumptions used to calculate the net realisable value of this development will reduce over time, but will not resolve within the next 12 months due to the duration of this project.

In 2021 the group acquired an option over a residential development opportunity in Purley, London through a joint venture held 33:33:33 with Bisichi and an external partner. This property is held at cost of £0.232 million (2020: £nil) and is currently being developed for sale.

13. INVENTORIES - MINING

	2021 £'000	2020 £'000
Coal		
Washed	**1,185**	2,924
Mining production	**59**	394
Work in progress	**–**	111
Other	**9**	16
	1,253	3,445

14. CURRENT ASSET INVESTMENTS AT FVPL

	2021 TOTAL £'000	2020 TOTAL £'000	UNLISTED SHARES £'000	LOAN STOCK £'000
At 1 January	**1,746**	287	–	287
Additions	**1,630**	1,379	20	1,359
Gain / loss	**701**	201	–	201
Disposals	**(446)**	(101)	–	(101)
Impairments	**–**	(20)	(20)	–
At 31 December	**3,631**	1,746	–	1,746

The non-current asset investments belong to Bisichi and are all listed on UK and overseas stock exchanges (Level 1 hierarchy) as follows:

	2021 £'000	2020 £'000
Net book and market value of readily realisable investments listed on stock exchanges in the United Kingdom	**1,564**	959
Net book and market value of readily realisable investments listed on overseas stock exchanges	**2,067**	787
	3,631	1,746

15. TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
Trade receivables	**7,387**	6,610
Other receivables	**1,383**	940
Prepayments and accrued income	**1,147**	640
	9,917	8,190

Note 21 details the group's credit risk management and loss allowances held for trade receivables.

16. INVESTMENTS IN LISTED SECURITIES HELD AT FVPL

	2021 £'000	2020 £'000
Market value of listed Investments:		
Listed in United Kingdom	**478**	567
Listed outside United Kingdom	**207**	266
	685	833
Original cost of listed investments	**846**	1,098
Unrealised deficit of market value versus cost	**(161)**	(265)

The investments in listed securities held at FVPL belong to Bisichi and the market value of listed investments is derived from their quoted share price on public markets (Level 1 hierarchy).

17. TRADE AND OTHER PAYABLES

	2021 £'000	2020 £'000
Trade payables	**7,284**	7,191
Other taxation and social security costs	**45**	618
Other payables	**4,494**	3,570
Accruals and deferred income	**3,374**	4,754
	15,197	16,133

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

18. BORROWINGS

	2021 £'000 CURRENT	2021 £'000 NON-CURRENT	2021 £'000 CURRENT	2020 £'000 NON-CURRENT
Other loans (Bisichi)	**130**	**14**	264	144
£1.25 million term bank loan (secured) repayable by 2022 (Dragon)*	**1,164**	**–**	1,185	–
Bank overdrafts (secured) (Bisichi)	**2,536**	**–**	4,846	–
£14 million term bank loan (secured) repayable by 2022 at 6.95 per cent*	**13,251**	**–**	193	13,449
£0.04 million term loan (unsecured) repayable by 2026 at 2.5 per cent	**8**	**29**	4	36
£10 million first mortgage debenture stock 2022 at 8.109 per cent*	**9,990**	**–**	–	9,973
£3.96 million term bank loan (secured) repayable by 2024 (Bisichi)*	**–**	**3,839**	–	3,799
£4.2 million term loan (secured) - repayable by 2022 (Broadway Regen)	**4,192**	**–**	3,670	–
£3.932 million term loan (secured) repayable by 2028*	**134**	**3,377**	112	3,452
	31,405	**7,259**	10,274	30,853

Borrowings analysis by origin:

	2021 £'000	2020 £'000
United Kingdom	**35,984**	35,873
South Africa	**2,680**	5,254
	38,664	41,127

* The £10 million debenture and bank loans are shown after deduction of un-amortised issue costs.

Interest payable on the term bank loans is variable being based upon the relevant bank's base rate or the Sterling Overnight Index Average (SONIA) plus margin.

No banking covenants were breached by the group during the year, other than mentioned below.

The £14 million term loan taken out in September 2019, with Phoenix CRE S.à r.l., is secured by way of a charge on a single freehold property, included in the financial statements as inventory at a value of £17.5 million. This loan has an interest rate of 5.95% above SONIA, where SONIA has a minimum and maximum rate of 1.0% and 1.5%, respectively. Following a bank valuation in April 2021, the facility was placed into cash trap. In July 2021 the loan was paid down by an additional £0.3 million to take the facility out of cash trap. There is an option for the borrower to extend this loan for a further year to September 2023.

The First Mortgage Debenture Stock August 2022 is secured by way of a charge on specific freehold and leasehold properties which are included in the financial statements at a value of £17.0 million.

In September 2018 a 10 year term, loan of £3.932 million was taken out with Metro Bank secured by way of a charge on freehold and leasehold properties which are included in the financial statements at a value of £6.6 million. There is also £1.0 million of cash held as security following the sale of the Radcliffe property, that was previously charged to this loan. The interest cost of the loan is 2.95 per cent above the bank's base rate and the loan is amortised over a 20 year repayment profile, with a final bullet payment after 10 years.

18. BORROWINGS CONTINUED

In South Africa, an R85million trade facility is held with Absa Bank Limited by Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing") in order to cover the working capital requirements of Bisichi's South African operations. The interest cost of the loan is at the South African prime lending rate plus 3.8% The facility is renewable annually each January, is repayable on demand and is secured by way of a first charge over specific pieces of mining equipment, inventory and the debtors of the relevant company which holds the loan which are included in the financial statements at a value of £8.84 million. All banking covenants were either adhered to or waived by Absa Bank Limited during the year.

Bisichi holds a £3.96million term loan facility with Julian Hodge Bank Limited. The loan is secured against Bisichi's UK retail property portfolio. The debt package has a five year term and is repayable at the end of the term in December 2024. The interest cost of the loan is 4.00% above the Bank of England base rate. The loan is secured by way of a first charge over the investment properties in the UK which are included in the financial statements at a value of £10.53 million. No banking covenants were breached during the year.

The bank loan of £1.17 million (Dragon) which is repayable in April 2022 is secured by way of a first charge on specific freehold property which is included in the financial statements at a value of £2.08 million. The interest cost of the loan is 2.75 per cent above the bank's base rate. Terms have been agreed with a new lender to refinance this loan in full and this is progressing. An extension of the existing loan is available, to allow time for refinancing discussions to be concluded.

The bank loan of £4.122 million (Broadway Regen) which is repayable in April 2022, following an extension of the facility, is secured by way of a first charge on a specific freehold development property, which is included in the financial statements at £7.5 million. The interest cost of the loan is fixed at 7.0% per annum. A credit approved offer to refinance this loan with a new lender has been received and accepted and will repay the existing lender in full.

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it may provide returns for shareholders and benefits for other stakeholders; and
- To provide adequate returns to shareholders by ensuring returns are commensurate with the risk.

Analysis of the changes in liabilities arising from financing activities:

	2021 £'000 BANK BORROWINGS	2021 £'000 LEASE OBLIGATIONS	2020 £'000 BANK BORROWINGS	2020 £'000 LEASE OBLIGATIONS
Balance at 1 January	**41,127**	**4,379**	41,183	4,266
Exchange adjustments	**(148)**	**(6)**	(386)	(18)
Cash movements excluding exchange adjustments	**(2,491)**	**(39)**	131	(329)
Valuation movements	**176**	**(87)**	199	460
Balance at 31 December	**38,664**	**4,247**	41,127	4,379

19. LEASE LIABILITIES

	2021 TOTAL £'000	2021 HEAD LEASES ON INVESTMENT PROPERTY[1] £'000	2021 OFFICE £'000	2021 OTHER £'000	2020 TOTAL £'000
Minimum lease payments fall due:					
Within one year	**565**	208	287	70	550
Second to fifth year	**1,623**	823	527	273	1,569
After five years	**18,973**	18,973	-	-	20,233
	21,161	20,004	814	343	22,352
Future finance charges on lease liabilities	**(16,914)**	(16,783)	(67)	(64)	(17,973)
Present value of lease liabilities	**4,247**	**3,221**	**747**	**279**	4,379
Present value of lease liabilities:					
Within one year	**513**	206	253	54	514
Second to fifth year	**1,478**	759	494	225	1,438
After five years	**2,256**	2,256	-	-	2,427
	4,247	**3,221**	**747**	**279**	4,379

Lease liabilities greater than one year are £3,734,000 (2020: £3,865,000).

[1] Many head leases on investment properties provide for contingent rent in addition to the rents above, usually a proportion of rental income.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

20. PROVISIONS

	2021 £'000	2020 £'000
At 1 January	**1,442**	1,554
Exchange adjustment	**(51)**	(112)
At 31 December	**1,391**	1,442

The above provision relates to mine rehabilitation costs in Bisichi.

21. FINANCIAL INSTRUMENTS

Total financial assets and liabilities

The Group's financial assets and liabilities and their fair values are as follows:

	2021		2020	
	FAIR VALUE £'000	CARRYING VALUE £'000	FAIR VALUE £'000	CARRYING VALUE £'000
Cash and cash equivalents	**8,518**	**8,518**	7,194	7,194
Investments - non-current assets	**3,631**	**3,631**	1,746	1,746
Investments - current assets	**685**	**685**	833	833
Trade and other receivables	**9,917**	**9,917**	8,190	8,190
Other assets	**8,770**	**8,770**	7,550	7,550
Derivative liabilities	**(70)**	**(70)**	(200)	(200)
Bank overdrafts	**(2,536)**	**(2,536)**	(4,846)	(4,846)
Bank loans	**(26,153)**	**(26,138)**	(26,308)	(26,308)
Lease liabilities	**(4,247)**	**(4,247)**	(4,379)	(4,379)
Other liabilities	**(11,778)**	**(11,778)**	(11,262)	(11,262)
Total financial liabilities before debentures	**(13,263)**	**(13,248)**	(21,482)	(21,482)

Fair value of debenture stocks

Fair value of the Group's debenture liabilities:

	BOOK VALUE £'000	FAIR VALUE £'000	2021 FAIR VALUE ADJUSTMENT £'000	2020 FAIR VALUE ADJUSTMENT £'000
Debenture stocks	**(10,000)**	**(10,124)**	**(124)**	(315)
Tax at 19 per cent (2020: 19 per cent)	–	–	**24**	60
Post tax fair value adjustment	–	–	**(100)**	(255)
Post tax fair value adjustment – basic pence per share	–	–	**(0.12p)**	(0.30p)

Except for debenture stocks there is no material difference between the carrying value and fair value of financial liabilities or financial assets. The fair values of the debentures are based on the net present value at the relevant gilt interest rate of the future payments of interest on the debentures.

Treasury policy

The Group enters derivative transactions such as interest rate swaps, interest rate collars and forward exchange contracts in order to help manage the financial risks arising from the Group's activities. The main risks arising from the Group's financing structure are interest rate risk, liquidity risk and market price risk, credit risk, commodity price risk and foreign exchange risk. The policies for managing each of these risks and the principal effects of these policies on the results are summarised below.

Sensitivity analysis

The Group has variable interest term debts which are covered by derivatives. Additionally, the Group has a variable interest term debt with minimum and maximum rates. At 31 December 2021, with other variables unchanged, a 1% increase in interest rates would change the profit/loss for the year by £126,000 (2020: £155,000).

21. FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group.

The Bisichi United Kingdom bank loans and overdraft are secured by way of a first charge on certain fixed assets. The rates of interest vary based on Bank of England base rate in the UK.

The Bisichi South African bank loans are secured by way of a first charge over specific pieces of mining equipment, inventory and the debtors of the relevant company which holds the loan. The rates of interest vary based on PRIME in South Africa.

The £3.932 million bank loan is secured by way of a first charge on specific freehold and leasehold property. The rate of interest varies based on the bank's base rate.

The £1.17 million bank loan (Dragon) is secured by way of a first charge on specific freehold property. The rate of interest varies based on the bank's base rate.

The £4.122 million bank loan (Broadway Regen) is secured by way of first charge on a specific freehold development property. This loan is based on a fixed interest rate of 7.0%.

The £14 million bank loan is secured by way of first charge on a specific freehold development property held in inventory. The rates of interest vary based on SONIA in the UK, with a minimum SONIA of 1% and a maximum SONIA of 1.5%.

Liquidity risk

The Group's policy is to minimise refinancing risk by balancing its exposure to interest risk and to refinancing risk. In effect the Group seeks to borrow for as long as possible at the lowest acceptable cost. Efficient treasury management and strict credit control minimise the costs and risks associated with this policy which ensures that funds are available to meet commitments as they fall due. Cash and cash equivalents earn interest at rates based on banks' base rates in the UK. The cash resources and funding facilities together are considered adequate to meet the Group's anticipated cash flow requirements for the foreseeable future.

In South Africa, a R85million trade facility is held with Absa Bank Limited by Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing") in order to cover the working capital requirements of Bisichi's South African operations. The interest cost of the loan is at the South African prime lending rate plus 3.8% The facility is renewable annually each January, is repayable on demand and is secured against inventory, debtors and cash that are held by Sisonke Coal Processing (Pty) Limited. The facility is included in cash and cash equivalents within the cashflow statement.

In the UK, Bisichi holds a £3.96 million term loan facility with Julian Hodge Bank Limited. The loan is secured against the group's UK retail property portfolio. The debt package has a five year term and is repayable at the end of the term in December 2024. The interest cost of the loan is 4.00% above the Bank of England base rate.

The £14 million term loan with Pheonix CRE S.à r.l. is secured on a single freehold property and is repayable in September 2022. The interest cost is 5.95% above SONIA, where SONIA has a minimum and maximum rate of 1.0% and 1.5%, respectively. There is an option to extend this loan for one year to September 2023.

The table below analyses the Group's financial liabilities (excluding interest rate derivatives) into maturity groupings and also provides details of the liabilities that bear interest at fixed, floating and non–interest bearing rates.

	2021 TOTAL £'000	**LESS THAN 1 YEAR £'000**	**2-5 YEARS £'000**	**OVER 5 YEARS £'000**
Bank overdrafts (floating)	**2,536**	**2,536**	**–**	**–**
Debentures (fixed)	**10,000**	**10,000**	**–**	**–**
Bank loans (fixed)	**4,229**	**4,200**	**29**	**–**
Bank loans (floating)*	**22,002**	**14,679**	**4,426**	**2,897**
Lease liabilities	**21,161**	**565**	**1,623**	**18,973**
Trade and other payables (non-interest)	**11,778**	**11,778**	**–**	**–**
	71,706	**43,758**	**6,078**	**21,870**

	2020 TOTAL £'000	LESS THAN 1 YEAR £'000	2-5 YEARS £'000	OVER 5 YEARS £'000
Bank overdrafts (floating)	4,846	4,846	–	–
Debentures (fixed)	10,000	–	10,000	–
Bank loans (fixed)	3,710	3,674	36	–
Bank loans (floating)*	23,108	1,754	18,619	2,735
Lease liabilities	22,352	550	1,569	20,233
Trade and other payables (non-interest)	16,016	16,016	–	–
	80,032	26,840	30,224	22,968

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

* Certain bank loans are fully hedged with appropriate interest derivatives. Details of all hedges are shown on the next page.

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21. FINANCIAL INSTRUMENTS CONTINUED

Market price risk

The Group is exposed to market price risk through interest rate and currency fluctuations.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is mainly exposed to credit risk on its cash and cash equivalents, trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet which at year end amounted to £21,601,000 (2020: £17,323,000).

To mitigate risk on its cash and cash equivalents, the group only deposits surplus cash with well-established financial institutions of high quality credit standing.

The Group's credit risk is primarily attributable to its trade receivables. Ageing of past due gross trade receivables and the carrying amount net of loss allowances is set out below.

	2021			2020		
	GROSS AMOUNT £'000	**LOSS ALLOWANCE £'000**	**NET CARRYING AMOUNT £'000**	GROSS AMOUNT £'000	LOSS ALLOWANCE £'000	NET CARRYING AMOUNT £'000
0-30 days	**6,604**	**(144)**	**6,460**	4,310	(135)	4,175
31-60 days	**29**	**(16)**	**13**	1,570	(6)	1,564
61-90 days	**250**	**(7)**	**243**	15	(3)	12
91+ days	**1,140**	**(469)**	**671**	1,330	(471)	859
	8,023	**(636)**	**7,387**	7,225	(615)	6,610
Being:						
Mining	**6,158**	**-**	**6,158**	4.944	-	4,944
Property	**1,865**	**(636)**	**1,229**	2,281	(615)	1,666
	8,023	**(636)**	**7,387**	7,225	(615)	6,610

Gross trade receivables mainly consist of amounts invoiced for rent, service charge and management fees and the sales of coal and all are inclusive of VAT and form part of Revenue (see Note 1).

Trade receivables are presented in the balance sheet net of loss allowances. The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) which uses a lifetime expected loss allowance for all trade receivables. Expected loss rates are based on the historic credit loss experienced and adjusted for current and forward information affecting the ability of the individual customers to settle receivables.

In the current and prior reporting period, the current and forward information considers the impact of Covid-19. Trade receivables are written off when there is no reasonable expectation of recovery.

In determining the ECLs an analysis of various factors has been performed on a customer by customer basis and considers the impact of Covid-19 and economic conditions. These factors include an assessment of the customer's default risk based on: industry and geographic location; and payment record, which includes how many days past due the receivable is, payment concessions granted and credit rating. ECLs are recognised net of securities held for the customer.

Potential customers are evaluated for creditworthiness and where necessary collateral is secured. There is no concentration of credit risk within the lease portfolio to either business sector or individual company as the Group has a diverse customer base with no one customer accounting for more than eight per cent of property rental income.

The loss allowances for trade receivables as at 31 December reconcile to the opening allowances as follows:

	2021 £'000	2020 £'000
Opening loss allowance at 1 January	**615**	308
Increase in loan loss allowance recognised in profit and loss during the year	**290**	307
Receivables written off during the year as uncollectable	**(262)**	**-**
Unused amount reversed	**(7)**	-
Closing loss allowance at 31 December	**636**	615

As at 31 December 2021, the Group held a loss allowance provision for trade receivables of £636,000 (2020: £615,000) and the impairment risk remains low with the loss allowance of £636,000 million representing 10.5% of total gross rental income for the year (2020: 11.4%).

Customers' credit ratings are reviewed regularly. The Group's review includes measures such as the use of external ratings and establishing purchase limits for each customer.

The Group exposure to credit risk on its other receivables is mitigated through ongoing review of the underlying performance and resources of the counterparty including evaluation of different scenarios of probability of default and expected loss applicable to each of the underlying balances.

21. FINANCIAL INSTRUMENTS CONTINUED

Foreign exchange risk

Only Bisichi is subject to this risk. All trading is undertaken in the local currencies except for certain export sales which are invoiced in US Dollars. It is not the Bisichi Group's policy to obtain forward contracts to mitigate foreign exchange risk on these contracts as payment terms are within 15 days of invoice or earlier. Funding is also in local currencies other than inter-company investments and loans and it is also not the Bisichi Group's policy to obtain forward contracts to mitigate foreign exchange risk on these amounts. During 2021 and 2020 the Bisichi Group did not hedge its exposure of foreign investments held in foreign currencies.

The principal currency risk to which the Bisichi Group is exposed in regard to inter-company balances is the exchange rate between Pounds Sterling and South African Rand. It arises as a result of the retranslation of Rand denominated inter-company trade receivable balances held within the UK which are payable by South African Rand functional currency subsidiaries.

Based on the Bisichi Group's net financial assets and liabilities at 31 December 2021, a 25% strengthening of Sterling against the South African Rand, with all other variables held constant, would decrease the Bisichi Group's profit after taxation by £218,000 (2020: £360,000). A 25% weakening of Sterling against the South African Rand, with all other variables held constant would increase the Bisichi Group's profit after taxation by £364,000 (2020: £601,000).

The 25% sensitivity has been determined based on the average historic volatility of the exchange rate.

The table below shows the Bisichi currency profiles of cash and cash equivalents:

	2021 £'000	2020 £'000
Sterling	**1,397**	1,641
South African Rand	**1,017**	809
US Dollar	**604**	1,318
	3,018	3,768

Cash and cash equivalents earn interest at rates based on LIBOR in Sterling and Prime in Rand.

The tables below shows the Bisichi currency profiles of net monetary assets and liabilities by functional currency:

2021:	**UK £'000**	**SOUTH AFRICA £'000**
Sterling	**1,123**	**-**
South African Rand	**65**	**(5,088)**
US Dollar	**1,462**	**-**
	2,650	**(5,088)**

2020:	UK £'000	SOUTH AFRICA £'000
Sterling	(70)	-
South African Rand	39	(8,878)
US Dollar	1,736	-
	1,705	(8,878)

Borrowing facilities

At 31 December 2021 the Group was within its bank borrowing facilities and was not in breach of any of the covenants. Term loan repayments are as set out at the end of this note. Details of other financial liabilities are shown in Notes 17, 18 and 19.

Interest rate and hedge profile

	2021 £'000	2020 £'000
Fixed rate borrowings	**14,219**	13,683
Floating rate borrowings		
– Subject to interest rate collar	**13,251**	13,642
– Other borrowings	**11,194**	13,802
	38,664	41,127
Average fixed interest rate		
Weighted average collared interest rate	**7.77%**	7.80%
Weighted average cost of debt on overdrafts, bank loans and debentures	**6.95%**	6.95%
Average period for which borrowing rate is fixed	**6.81%**	7.04%
Average period for which borrowing rate is swapped	**0.6 years**	2.1 years
	0.7 years	1.7 years

The Group's floating rate debt bears interest based on Bank of England base rate, Banks' base rate and SONIA for the term bank loans and bank base rate for the overdraft.

At 31 December 2021 the Group had a £14 million floating rate loan to September 2022, where SONIA has a minimum and maximum rate of 1.0% and 1.5%, respectively. At the year end the fair value liability in the accounts was £70,000 (2020: £200,000), as valued by the Group.

21. FINANCIAL INSTRUMENTS CONTINUED

Fair value of financial instruments

Fair value estimation

The Group has adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires the methods of fair value measurement to be classified into a hierarchy based on the reliability of the information used to determine the valuation, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	2021 GAIN/(LOSS) TO INCOME STATEMENT £'000
Financial assets					
Quoted equities – non-current assets	**3,631**	**–**	**–**	**3,631**	**701**
Quoted equities – current assets	**685**	**–**	**–**	**685**	**(161)**
Financial liabilities					
Interest rate collar	**–**	**70**	**–**	**70**	**130**

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	2020 GAIN/(LOSS) TO INCOME STATEMENT £'000
Financial assets					
Quoted equities – non-current assets	1,746	–	–	1,746	201
Quoted equities – current assets	833	–	–	833	(135)
Financial liabilities					
Interest rate swaps	–	200	–	200	(200)

Capital structure

The Group sets the amount of capital in proportion to risk. It ensures that the capital structure is commensurate to the economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group considers its capital to include share capital, share premium, capital redemption reserve, translation reserve and retained earnings, but excluding the interest rate derivatives.

Consistent with others in the industry, the Group monitors its capital by its debt to equity ratio (gearing levels). This is calculated as the net debt (loans less cash and cash equivalents) as a percentage of the equity calculated as follows:

	2021 £'000	2020 £'000
Total debt	**42,911**	45,506
Less cash and cash equivalents	**(8,518)**	(7,194)
Net debt	**34,393**	38,312
Total equity	**40,294**	39,748
	85.4%	96.4%

The Group does not have any externally imposed capital requirements.

Following the introduction of IFRS 16 total debt now includes lease liabilities.

Financial assets

The Group's principal financial assets are bank balances and cash, trade and other receivables, investments and assets held for sale. The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers. The credit risk in liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit–rating agencies. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

Financial assets maturity

Cash and cash equivalents all have a maturity of less than three months.

	2021 £'000	2020 £'000
Cash at bank and in hand	**8,518**	7,194

These funds are primarily invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates.

21. FINANCIAL INSTRUMENTS CONTINUED

Financial liabilities maturity

The following table sets out the maturity profile of contractual undiscounted cashflows of financial liabilities as at 31 December:

Repayment of borrowings

	2021 £'000	2020 £'000
Bank loans and overdrafts:		
Repayable on demand or within one year	**21,415**	10,274
Repayable between two and five years	**4,455**	18,145
Repayable after five years	**2,804**	2,735
	28,674	31,154
Debentures:		
Repayable within one year	**9,990**	-
Repayable between two and five years	**-**	9,973
	38,664	41,127

Certain borrowing agreements contain financial and other conditions that if contravened by the Group, could alter the repayment profile.

22. DEFERRED TAX LIABILITIES

	2021 £'000	2020 £'000
Balance at 1 January	**355**	1,654
Transferred to consolidated income statement	**(33)**	(1,118)
Exchange adjustment	**(13)**	(181)
Balance at 31 December	**309**	355
The deferred tax balance comprises the following:		
Revaluation of properties	**347**	113
Accelerated capital allowances	**2,718**	2,916
Short-term timing differences	**(557)**	(486)
Unredeemed capital deductions	**(1,057)**	(645)
Losses and other deductions	**(1,142)**	(1,543)
Deferred tax liability provision at end of year:	**309**	355

There is no time limit in respect of the Group tax loss relief.

In addition, the Group has unused losses and reliefs with a potential value of £11,145,000 (2020: £8,022,000), which have not been recognised as a deferred tax asset. As the Group returns to profit, these losses and reliefs can be utilised. The valuation of losses is based on a 25% tax rate (2020: 19%).

23. SHARE CAPITAL

The Company has one class of ordinary shares which carry no right to fixed income.

	NUMBER OF ORDINARY 10P SHARES 2021	NUMBER OF ORDINARY 10P SHARES 2020	2021 £'000	2020 £'000
Authorised: ordinary shares of 10p each	**110,000,000**	110,000,000	**11,000**	11,000
Allotted, issued and fully paid share capital	**85,542,711**	85,542,711	**8,554**	8,554
Ordinary shares of 10p - issued during the year			**–**	**–**
Less: held in Treasury (see below)	**(216,715)**	(218,197)	**(22)**	(22)
"Issued share capital" for reporting purposes	**85,325,996**	85,324,514	**8,532**	8,532

Treasury shares

	NUMBER OF ORDINARY 10P SHARES		COST /ISSUE VALUE	
	2021	2020	2021 £'000	2020 £'000
Shares held in Treasury at 1 January	**218,197**	218,197	**144**	144
Issued for share incentive plan - dividends investment (Dec 2020 - 10.5p)	**(1,482)**	–	**–**	–
Shares held in Treasury at 31 December	**216,715**	218,197	**144**	144

23. SHARE CAPITAL CONTINUED

Share Option Schemes

Employees' share option scheme (Approved scheme)

At 31 December 2021 there were no options to subscribe for ordinary shares outstanding, issued under the terms of the Employees' Share Option Scheme.

This share option scheme was approved by members in 1986, and has been approved by Her Majesty's Revenue and Customs (HMRC).

There are no performance criteria for the exercise of options under the Approved scheme, as this was set up before such requirements were considered to be necessary.

A summary of the shares allocated and options issued under the scheme up to 31 December 2021 is as follows:

		CHANGES DURING THE YEAR			
	AT 1 JANUARY 2021	OPTIONS EXERCISED	OPTIONS GRANTED	OPTIONS LAPSED	**AT 31 DECEMBER 2021**
Shares issued to date	2,367,604	–	–	–	**2,367,604**
Shares allocated over which options have not been granted	1,549,955	–	–	–	**1,549,955**
Total shares allocated for issue to employees under the scheme	**3,917,559**	**–**	**–**	**–**	**3,917,559**

Non–approved Executive Share Option Scheme (Unapproved scheme)

A share option scheme known as the "Non–approved Executive Share Option Scheme" which does not have HMRC approval was set up during 2000. At 31 December 2021 there were no options to subscribe for ordinary shares outstanding.

The exercise of options under the Unapproved scheme is subject to the satisfaction of objective performance conditions specified by the remuneration committee which confirms to institutional shareholder guidelines and best practice provisions.

A summary of the shares allocated and options issued under the scheme up to 31 December 2021 is as follows:

		CHANGES DURING THE YEAR			
	AT 1 JANUARY 2021	OPTIONS EXERCISED	OPTIONS GRANTED	OPTIONS LAPSED	**AT 31 DECEMBER 2021**
Shares issued to date	450,000	–	–	–	**450,000**
Shares allocated over which options have not yet been granted	550,000	–	–	–	**550,000**
Total shares allocated for issue to employees under the scheme	1,000,000	–	–	–	**1,000,000**

The Bisichi PLC Unapproved Option Schemes

Details of the share option schemes in Bisichi are as follows:

YEAR OF GRANT	SUBSCRIPTION PRICE PER SHARE	PERIOD WITHIN WHICH OPTIONS EXERCISABLE	NUMBER OF SHARES FOR WHICH OPTIONS OUTSTANDING AT 31 DECEMBER 2020	NUMBER OF SHARE OPTIONS ISSUED/EXERCISED/ (CANCELLED) DURING YEAR	**NUMBER OF SHARES FOR WHICH OPTIONS OUTSTANDING AT 31 DECEMBER 2021**
2015	87.0p	Sep 2015 – Sep 2025	300,000	–	**300,000**
2018	73.5p	Feb 2018 - Feb 2028	380,000	–	**380,000**

The exercise of options under the Unapproved Share Option Schemes, for certain option issues, is subject to the satisfaction of the objective performance conditions specified by the remuneration committee, which will conform to institutional shareholder guidelines and best practice provisions in force from time to time.

There are no performance or service conditions attached to 2015 and 2018 options which are outstanding at 31 December 2021.

	2021 NUMBER	**2021 WEIGHTED AVERAGE EXERCISE PRICE**	2020 NUMBER	2020 WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at 1 January	**680,000**	**79.5p**	680,000	79.5p
Outstanding at 31 December	**680,000**	**79.5p**	680,000	79.5p
Exercisable at 31 December	**680,000**	**79.5p**	680,000	79.5p

24. NON–CONTROLLING INTEREST ("NCI")

	2021 £'000	2020 £'000
As at 1 January	**9,686**	12,407
Share of profit/(loss) for the year	**978**	(2,356)
Dividends paid	**(90)**	(63)
Exchange movement	**(38)**	(302)
As at 31 December	**10,536**	9,686

The following subsidiaries had material NCI:

Bisichi PLC
Black Wattle Colliery (Pty) Ltd

Summarised financial information for these subsidiaries is set out below. The information is before inter–company eliminations with other companies in the Group.

BISICHI PLC	**2021 £'000**	2020 £'000
Revenue	**50,520**	29,805
Profit/(loss) for the year attributable to owners of the parent	**1,491**	(3,354)
Profit/(loss) for the year attributable to NCI	**215**	(440)
Profit/(loss) for the year	**1,706**	(3,794)
Other comprehensive expense attributable to owners of the parent	**(52)**	(395)
Other comprehensive expense attributable to NCI	**(8)**	(69)
Other comprehensive expense for the year	**(60)**	(464)
Balance sheet		
Non–current assets	**24,526**	23,646
Current assets	**13,582**	15,004
Total assets	**38,108**	38,650
Current liabilities	**(14,135)**	(16,175)
Non–current liabilities	**(6,138)**	(6,286)
Total liabilities	**(20,273)**	(22,461)
Net assets at 31 December	**17,835**	16,189
Cash flows		
From operating activities	**5,209**	1,065
From investing activities	**(2,684)**	(4,267)
From financing activities	**(1,070)**	(926)
Net cash flows	**1,455**	(4,128)

The non–controlling interest comprises of a 37.5% shareholding in Black Wattle Colliery (Pty) Ltd, a coal mining company incorporated in South Africa.

Summarised financial information reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

BLACK WATTLE COLLIERY (PTY) LIMITED ("BLACK WATTLE")	**2021 £'000**	2020 £'000
Revenue	**49,225**	28,555
Expenses	**(47,787)**	(31,498)
Profit/(loss) for the year	**1,438**	(2,943)
Other comprehensive income	**-**	-
Total comprehensive income for the year	**1,438**	(2,943)
Balance sheet		
Non–current assets	**9,019**	10,130
Current assets	**9,329**	9,781
Current liabilities	**(14,287)**	(16,915)
Non–current liabilities	**(1,904)**	(2,224)
Net assets at 31 December	**2,157**	772

The non–controlling interest relates to the disposal of a 37.5% shareholding in Black Wattle in 2010. The total issued share capital in Black Wattle Colliery (Pty) Ltd was increased from 136 shares to 1,000 shares at par of ZAR1 (South African Rand) through the following shares issue:

– a subscription for 489 ordinary shares at par by Bisichi Mining (Exploration) Limited increasing the number of shares held from 136 ordinary shares to a total of 625 ordinary shares;

– a subscription for 110 ordinary shares at par by Vunani Mining (Pty) Ltd;

– a subscription for 265 "A" shares at par by Vunani Mining (Pty) Ltd

24. NON–CONTROLLING INTEREST ("NCI") CONTINUED

Bisichi Mining (Exploration) Limited is a wholly owned subsidiary of Bisichi PLC incorporated in England and Wales.

Vunani Mining (Pty) Ltd is a South African Black Economic Empowerment company and minority shareholder in Black Wattle.

The "A" shares rank pari passu with the ordinary shares save that they will have no dividend rights until such time as the dividends paid by Black Wattle Colliery (Pty) Ltd on the ordinary shares subsequent to 30 October 2008 will equate to ZAR832,075,000.

A non–controlling interest of 15% in Black Wattle is recognised for all profits distributable to the 110 ordinary shares held by Vunani Mining (Pty) Ltd from the date of issue of the shares (18 October 2010). An additional non–controlling interest will be recognised for all profits distributable to the 265 "A" shares held by Vunani Mining (Pty) Ltd after such time as the profits available for distribution, in Black Wattle Colliery (Pty) Ltd, before any payment of dividends after 30 October 2008, exceeds R832,075,000.

On 12 April 2022 the total issued share capital in Black Wattle Colliery (Pty) Ltd was increased further from 1000 shares to 1002 shares at par of R1 through the following share issue:

a subscription of 1 "B" Share at par by Bisichi Mining (Exploration Limited);

a subscription of 1 "B" Share at par by Vunani Mining (Pty) Ltd

The "B" shares rank pari passu with the ordinary shares save that they have sole rights to the distributable profits attributable to certain mining reserves held by Black Wattle Colliery (Pty) Ltd. A non-controlling interest is recognised for all profits distributable to the "B" shares held by Vunani Mining (Pty) Ltd from the date of issue of the shares (12 April 2022).

25. RELATED PARTY TRANSACTIONS

	COST RECHARGED TO (BY) RELATED PARTY £'000		AMOUNTS OWED BY (TO) RELATED PARTY £'000	ADVANCED TO (BY) RELATED PARTY £'000
Related party:				
Simon Heller Charitable Trust				
Current account	(63)		–	–
Loan account	–		(700)	–
Directors and key management				
M A Heller and J A Heller	18	(i)	–	–
J Mintz	–		10	10
C A Parritt	(18)	(ii)	–	–
R Priest	(35)	(ii)	(9)	–
London & Associated Securities	–		–	(179)
Totals at 31 December 2021	**(98)**		**(699)**	**(169)**
Totals at 31 December 2020	(108)		(709)	–

Nature of costs recharged – (i) Property management fees (ii) Consultancy fees.

Directors

London & Associated Properties PLC provides office premises, property management, general management, accounting and administration services for a number of private property companies in which Sir Michael Heller and J A Heller have an interest. Under an agreement with Sir Michael Heller no charge is made for these services on the basis that he reduces by an equivalent amount the charge for his services to London & Associated Properties PLC. The board estimates that the value of these services, if supplied to a third party, would have been £300,000 for the year (2020: £300,000).

The companies for which services are provided are: Barmik Properties Limited, Cawgate Limited, Clerewell Limited, Cloathgate Limited, Ken–Crav Investments Limited, London & South Yorkshire Securities Limited, Metroc Limited, Penrith Retail Limited, Shop.com Limited, South Yorkshire Property Trust Limited, Wasdon Investments Limited, Wasdon (Dover) Limited, and Wasdon (Leeds) Limited.

In addition the Company received management fees of £10,000 (2020: £10,000) for work done for two charitable foundations, the Michael & Morven Heller Charitable Foundation and the Simon Heller Charitable Trust.

The Simon Heller Trust has placed on deposit with LAP £700,000 at an interest rate of 9% which is refundable on demand.

An interest free loan of £10,000 was made to J Mintz during the year and remained outstanding at year end.

R Priest provided consultancy services to the Company on an invoiced fee basis.

In 2012 a loan was made by Bisichi to one of the Bisichi directors, Mr A R Heller, for £116,000. Interest is payable on the director's Loan at a rate of 6.14 per cent. There is no fixed repayment date for the director's Loan. The loan amount outstanding at year end was £41,000 (2020: £41,000) and no repayment (2020: £nil) was made during the year.

The directors are considered to be the only key management personnel and their remuneration including employer's national insurance for the year was £1,186,000 (2020: £920,000). All other disclosures required, including interest in share options in respect of those directors, are included within the remuneration report.

26. EMPLOYEES

The average number of employees, including directors, of the Group during the year was as follows:

	2021	2020
Production	**214**	221
Administration	**32**	34
	246	255

Staff costs during the year were as follows:

	2021 £'000	2020 £'000
Salaries and other costs	**8,274**	6,651
Social security costs	**347**	236
Pension costs	**378**	402
	8,999	7,289

27. CAPITAL COMMITMENTS

	2021 £'000	2020 £'000
Commitments for capital expenditure approved and contracted for at the year end	**81**	485

28. LEASE RENTALS RECEIVABLE

The Group leases out its investment properties to tenants under operating leases. The future aggregate minimum rentals receivable under non–cancellable operating leases are as follows:

	2021 £'000	2020 £'000
2021	**5,024**	5,013
2022	**4,244**	4,418
2023	**3,384**	3,637
2024	**2,786**	2,829
2025 +	**17,637**	18,553
	33,075	34,450

29. CONTINGENT LIABILITIES AND EVENTS AFTER THE REPORTING PERIOD

There were no contingent liabilities at 31 December 2021 (2020: £Nil), except as disclosed in Note 21.

Bank guarantees have been issued by the bankers of Black Wattle Colliery (Pty) Limited on behalf of the Company to third parties. The guarantees are secured against the assets of the Company and have been issued in respect of the following:

	2021 £'000	2020 £'000
Rail siding & transportation	**48**	50
Rehabilitation of mining land	**1,700**	1,441
Water & electricity	**46**	48
	1,794	1,539

The interpretation of laws and regulations in South Africa where Bisichi operates can be complex and can lead to challenges from or disputes with regulatory authorities. Such situations often take significant time to resolve. Where there is a dispute and where a reliable estimate of the potential liability cannot be made, or where Bisichi, based on legal advice, considers that it is improbable that there will be an outflow of economic resources, no provision is recognised.

Black Wattle Colliery (Pty) Ltd is currently involved in a tax dispute in South Africa related to VAT. The dispute arose during the year ended 31 December 2020 and is related to events which occurred prior to the years ended 31 December 2020. As at the date of this report, the Group has been advised that it has a strong legal case, that it has complied fully with the legislation and, therefore, no economic outflow is expected to occur. Because of the nature and complexity of the dispute, the possible financial effect of a negative decision cannot be measured reliably. Accordingly, no provision has been booked at the year end. At this stage, the Group believes that the dispute will be resolved in its favour.

In January 2022 the Group sold a retail market in Rugeley, Staffordshire for £520,000.

In January 2022 the Group acquired an industrial property in Warrington, Cheshire for £2.37 million.

Except for these transactions there were no other events or transaction that require adjustment or disclosure.

30. COMPANY FINANCIAL STATEMENTS

Company balance sheet at 31 December 2021

	NOTES	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	30.3	**20,556**	24,582
Other investments:			
Associated company	30.4	**489**	489
Subsidiaries and others	30.4	**4,545**	45,459
		5,034	45,948
		25,590	70,530
Current assets			
Assets held for sale		**504**	–
Debtors	30.5	**7,191**	6,170
Cash and cash equivalents		**3,707**	2,557
		11,402	8,727
Current liabilities			
Amounts falling due within one year	30.6	**(3,618)**	(47,592)
Borrowings	30.7	**(9,990)**	–
Net current liabilities		**(2,206)**	(38,865)
Total assets less current liabilities		**23,384**	31,665
Non-current liabilities			
Amounts falling due after more than one year	30.7	**(1,383)**	(11,448)
Deferred tax falling due after more than one year		**(451)**	(671)
Net assets		**21,550**	19,546
Capital and reserves			
Share capital	30.9	**8,554**	8,554
Share premium account		**4,866**	4,866
Capital redemption reserve		**47**	47
Treasury shares	30.9	**(144)**	(144)
Retained earnings		**8,227**	6,223
Shareholders' funds		**21,550**	19,546

The profit for the financial year was £2,004,000 (2020: loss of £4,421,000)

These financial statements were approved by the board of directors and authorised for issue on 28th April 2022 and signed on its behalf by:

Sir Michael Heller
Director

Jonathan Mintz
Director

Company Registration No. 341829

30. COMPANY FINANCIAL STATEMENTS CONTINUED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	TREASURY SHARES £'000	RETAINED EARNINGS EXCLUDING TREASURY SHARES £'000	TOTAL EQUITY £'000
Balance at 1 January 2020	8,554	4,866	47	(144)	10,644	23,967
Loss for the year	–	–	–	–	(4,421)	(4,421)
Total comprehensive expense	–	–	–	–	(4,421)	(4,421)
Balance at 31 December 2020	8,554	4,866	47	(144)	6,223	19,546
Profit for the year	–	–	–	–	2,004	2,004
Total comprehensive income	–	–	–	–	2,004	2,004
Balance at 31 December 2021	8,554	4,866	47	(144)	8,227	21,550

£8.2 million (2020: £6.2 million) of retained earnings (excluding treasury shares) is distributable.

30.1. COMPANY

Accounting policies

The following are the main accounting policies of the Company:

Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and Companies Act 2006. The financial statements are prepared under the historical cost convention as modified to include the revaluation of freehold and leasehold properties and fair value adjustments in respect of current asset investments and interest rate hedges.

The results of the Company are included in the consolidated financial statements. No profit or loss is presented by the Company as permitted by Section 408 of the Companies Act 2006.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of Group settled share based payments;
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of the trading portfolio or derivatives.

Key judgements and estimates

The preparation of the financial statements requires management to make assumptions and estimates that may affect the reported amounts of assets and liabilities and the reported income and expenses, further details of which are set out below. Although management believes that the assumptions and estimates used are reasonable, the actual results may differ from those estimates. Further details of the estimates are contained in the Directors' Report and in the Group accounting policies.

Investments in subsidiaries, associated undertakings and joint ventures

Investments in subsidiaries, associated undertakings and joint ventures are held at cost less accumulated impairment losses.

30.1. COMPANY CONTINUED

Fair value measurements of investment properties and investments
An assessment of the fair value of certain assets and liabilities, in particular investment properties, is required. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged between market participants. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty. The fair value measurement of the investment properties may be considered to be less judgemental where external valuers have been used as is the case with the Company.

The following accounting policies are consistent with those of the Group and are disclosed on pages 40 to 46 of the Group financial statements.

- Revenue
- Property operating expenses
- Employee benefits
- Financial instruments
- Investment properties
- Other assets and depreciation
- Assets held for sale
- Income taxes
- Leases

30.2. RESULT FOR THE FINANCIAL YEAR

The Company's result for the year was a profit of £2,004,000 (2020: loss of £4,421,000). In accordance with the exemption conferred by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

30.3. TANGIBLE ASSETS

	INVESTMENT PROPERTIES					
	TOTAL £'000	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000	OFFICE EQUIPMENT AND MOTOR VEHICLES £'000	OFFICE BUILDING £'000
Cost or valuation at 1 January 2021	25,296	16,050	7,539	196	347	1,164
Transfer to assets held for sale	(504)	(504)	–	–	–	–
Additions in the year	1,878	1,090	–	–	–	788
Disposals	(5,407)	(4,020)	–	–	(223)	(1,164)
Decrease in present value of head leases	(94)	–	(94)	–	–	–
Increase/(decrease) on revaluation	(541)	1,199	(1,750)	10	–	–
Cost or valuation at 31 December 2021	**20,628**	**13,815**	**5,695**	**206**	**124**	**788**
Representing assets stated at:						
Valuation	19,716	13,815	5,695	206	–	–
Cost	912	–	–	–	124	788
	20,628	**13,815**	**5,695**	**206**	**124**	**788**
Depreciation at 1 January 2021	714	–	–	–	248	466
Charge for the year	241	–	–	–	3	238
Disposals	(883)	–	–	–	(223)	(660)
Depreciation at 31 December 2021	**72**	**–**	**–**	**–**	**28**	**44**
Net book value at 1 January 2021	24,582	16,050	7,539	196	99	698
Net book value at 31 December 2021	**20,556**	**13,815**	**5,695**	**206**	**96**	**744**

The freehold and leasehold properties, excluding the present value of head leases and directors' valuations, were valued as at 31 December 2021 by professional firms of chartered surveyors. The valuations were made at fair value. The directors' property valuations were made at fair value.

30.3. TANGIBLE ASSETS CONTINUED

	2021 £'000	2020 £'000
Allsop LLP	**18,765**	21,990
Directors' valuation	**-**	750
	18,765	22,740
Add: Present value of headleases	**951**	1,045
	19,716	23,785

The historical cost of investment properties was as follows:

	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost at 1 January	11,553	9,333	785
Transfer to assets held for sale	(674)	–	–
Additions	1,090	–	–
Disposals	(4,004)	–	–
Cost at 31 December 2021	**7,965**	**9,333**	**785**

Head leases on investment property represent the value attributed to the right of the Company to occupy and use investment property that has a head lease interest. In the current year total cash outflow for head leases is £0.1 million (2020: £0.1 million). A number of these leases provide for payment of contingent rent, usually a proportion of net rental income, in addition to fixed rents.

Office building represents the value attributed under IFRS 16 to the right of the Company to occupy its sole office building. In the current year total cash outflow for the office lease liability is £0.3 million (2020: £0.2 million).

30.4. OTHER INVESTMENTS

COST OR VALUATION	TOTAL £'000	SHARES IN SUBSIDIARY COMPANIES £'000	SHARES IN JOINT VENTURES £'000	SHARES IN ASSOCIATE £'000
At 1 January 2021	45,948	45,295	164	489
Repayment of Investment	(40,252)	(40,252)	–	–
Impairment provision	(662)	(662)	–	–
At 31 December 2021	**5,034**	**4,381**	**164**	**489**

Subsidiary companies

Details of the Company's subsidiaries, joint ventures and associates are set out in Note 11. Dragon is a joint venture and Bisichi and Development Physics are associates of the Company.

During the year the Company impaired its investment in Orchard Square Limited by £662,000 (2020: impairment of £2,463,000), following a reduction in the carrying value of the Orchard Square, Sheffield development property.

During the year the company simplified its internal capital structure reducing the value of capital within its subsidiaries and returning this capital to the company through the repayment of intercompany balances. Subsequently impairment provisions on the carrying value of these investments was carried out to match the reduction in capital.

30.5. DEBTORS

	2021 £'000	2020 £'000
Trade debtors	**499**	598
Amounts due from associate and joint ventures	**1,114**	995
Amounts due from subsidiary companies	**4,547**	4,154
Other debtors	**370**	102
Prepayments and accrued income	**661**	321
	7,191	6,170

30.6. CURRENT LIABILITIES

	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR 2021 £'000	2020 £'000
Trade payables	**42**	48
Amounts owed to subsidiary companies	**321**	43,632
Amounts owed to joint ventures	**156**	156
Other taxation and social security costs	**45**	117
Lease liabilities	**314**	298
Other creditors	**1,486**	1,397
Accruals and deferred income	**1,254**	1,944
	3,618	47,592

During the year the company simplified its internal capital structure reducing the value of capital within its subsidiaries and returning this capital to the company through the repayment of intercompany balances.

Borrowings

Borrowings relate to the £10 million debenture which is shown after deduction of un–amortised issue costs. The debenture is repayable in August 2022 and further details are set out in note 18.

30.7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Lease liabilities	**1,383**	1,475
Term Debenture stocks:		
£10 million First Mortgage Debenture Stock 2022 at 8.109 per cent*	**–**	9,973
	1,383	11,448

REPAYMENT OF BORROWINGS:	2021 £'000	2020 £'000
Debentures:		
Repayable within one year	**9,990**	–
Repayable between two and five years	**–**	9,973
Repayable in more than five years	**–**	–
	9,990	9,973

LEASE LIABILITIES	2021 TOTAL £'000	2021 HEAD LEASES ON INVESTMENT PROPERTY[1] £'000	2021 OFFICE £'000	2020 TOTAL £'000
Minimum lease payments fall due:				
Within one year	**347**	60	287	331
Second to fifth year	**768**	242	526	796
After five years	**7,153**	7,153	-	7,933
	8,268	7,455	813	9,060
Future finance charges on lease liabilities	**(6,571)**	(6,504)	(67)	(7,287)
Present value of lease liabilities	**1,697**	**951**	**746**	1,773
Present value of lease liabilities:				
Within one year	**314**	60	254	298
Second to fifth year	**717**	225	492	743
After five years	**666**	666	-	732
	1,697	**951**	**746**	1,773

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

[1] Many head leases on investment properties provide for contingent rent in addition to the rents above, usually a proportion of rental income.

30.8. DEFERRED TAX LIABILITY

	2021 £'000	2020 £'000
Deferred Taxation		
Balance at 1 January	**(671)**	(345)
Transfer to profit and loss account	**220**	(326)
Balance at 31 December	**(451)**	(671)
The deferred tax balance comprises the following:		
Accelerated capital allowances	**(466)**	(438)
Short–term timing differences	**(278)**	(208)
Revaluation of investment properties	**293**	(25)
Deferred tax liability at year end	**(451)**	(671)

30.9. SHARE CAPITAL

Details of share capital, treasury shares and share options are set out in Note 23.

30.10. RELATED PARTY TRANSACTIONS

	COST RECHARGED TO (BY) RELATED PARTY £'000		AMOUNTS OWED BY (TO) RELATED PARTY £'000	ADVANCED TO (BY) RELATED PARTY £'000
Related party:				
Development Physics Limited				
Current account	–		76	76
Dragon Retail Properties Limited				
Current account	36	(i)	(156)	–
Bisichi PLC				
Current account	200	(ii)	41	–
Simon Heller Charitable Trust				
Current account	(63)		–	–
Loan account	–		(700)	–
Directors and key management				
M A Heller and J A Heller	18	(i)	–	–
J Mintz	–	–	10	10
C A Parritt	(18)	(iii)	–	–
R Priest	(35)	(iii)	(9)	–
London & Associated Securities	–		–	(179)
Totals at 31 December 2021	**138**		**(738)**	**(93)**
Totals at 31 December 2020	128		(822)	–

Nature of costs recharged – (i) Management fees (ii) Property management fees (iii) Consultancy fees

During the period, the Company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with wholly owned subsidiaries.

Dragon Retail Properties Limited – 'Dragon' is owned equally by the Company and Bisichi PLC.

Bisichi PLC – The company has 41.52 per cent ownership of 'Bisichi'.

Other details of related party transactions are given in note 25.

30.11. EMPLOYEES

THE AVERAGE WEEKLY NUMBER OF EMPLOYEES OF THE COMPANY DURING THE YEAR WERE AS FOLLOWS:	2021 £'000	2020 £'000
Directors & Administration	**17**	19

STAFF COSTS DURING THE YEAR WERE AS FOLLOWS:	2021 £'000	2020 £'000
Salaries	**1,279**	1,139
Social Security costs	**158**	139
Pension costs	**71**	121
	1,508	1,399

30.12. CAPITAL COMMITMENTS

There was a capital commitment of £40,000 at 31 December 2021, being approved and contracted for (2020: £Nil).

30.13. FUTURE AGGREGATE MINIMUM RENTALS RECEIVABLE

The Company leases out its investment properties to tenants under operating leases. The future aggregate minimum rentals receivable under non–cancellable operating leases are as follows:

	2021 £'000	2020 £'000
2021	**1,454**	1,623
2022	**1,161**	1,372
2023	**889**	1,115
2024	**606**	878
2025 +	**2,348**	2,737
	6,458	7,725

30.14. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There were no contingent liabilities at 31 December 2021 (2020: £Nil).

In January 2002 the Company sold a retail market in Rugeley, Staffordshire for £520,000.

In January 2022 the Company acquired an industrial property in Warrington, Cheshire for £2.37 million.

Except for these transactions there were no other events or transaction that require adjustment or disclosure.

Five year financial summary

	2021 £M	2020 £M	2019 £M	2018 £M	2017 £M
Portfolio size					
Investment properties–LAP^	**25**	31	31	32	62
Investment properties–Dragon Retail Properties	**2**	2	2	2	3
Investment properties–Bisichi ^	**11**	10	12	13	13
Assets held for sale-LAP	**1**	-	-	2	36
Inventories-LAP	**25**	25	27	39	-
	64	68	72	88	114
Portfolio activity	**£M**	£M	£M	£M	£M
Acquisitions	**0.09**	0.33	0.14	6.55	–
Disposals	**(4.17)**	–	(12.59)	(36.44)	–
Additions to inventory at cost	**1.02**	0.39	0.41	6.26	–
	(3.06)	0.72	0.14	(23.63	–
Consolidated income statement	**£M**	£M	£M	£M	£M
Group income	**56.48**	35.02	63.97	56.65	47.87
Profit/(loss) before tax	**1.52**	(10.15)	(4.54)	1.27	11.28
Taxation	**(0.70)**	1.09	(0.95)	(0.68)	(2.98)
(Loss)/profit attributable to shareholders	**(0.15)**	(6.70)	(6.48)	(2.08)	7.69
(Loss)/earnings per share – basic and diluted	**(0.18)p**	(7.86)p	(7.59)p	(2.44)p	9.01p
Dividend per share	**0.00p**	0.00p	0.00p	0.18p	0.30p
Consolidated balance sheet	**£M**	£M	£M	£M	£M
Shareholders' funds attributable to equity shareholders	**29.70**	29.86	36.73	43.38	45.86
Net borrowings, excluding lease obligations	**30.15**	33.93	27.65	35.99	58.42
Net assets per share	**34.80p**	34.99p	43.04p	50.83p	53.74p
Consolidated cash flow statement	**£M**	£M	£M	£M	£M
Cash generated from operations	**5.82**	1.64	14.98	1.92	10.29

Notes:

^ Excluding the present value of head leases

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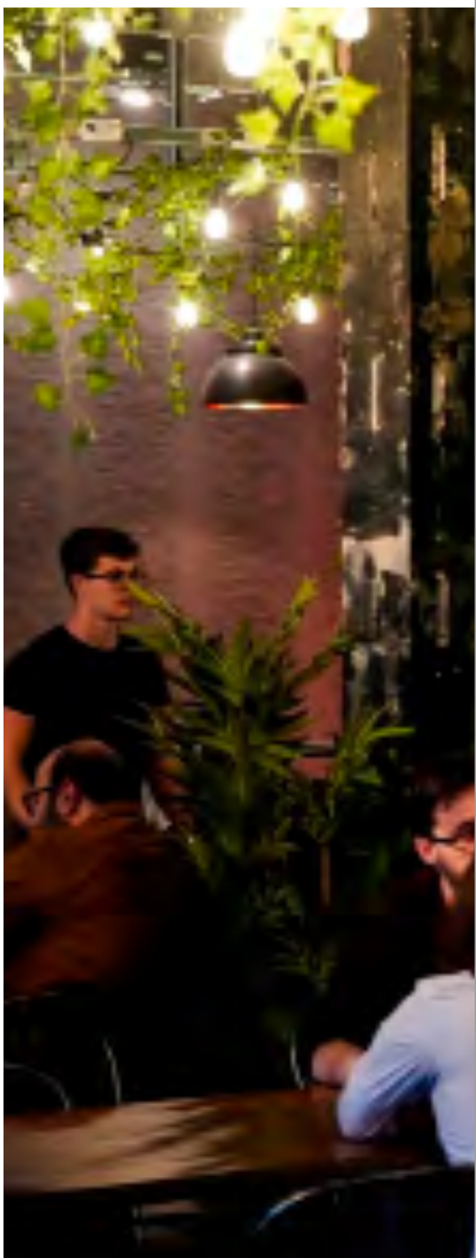

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