

Registered number: 12918708

LAZARI DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



LAZARI DEVELOPMENTS LIMITED

COMPANY INFORMATION

DIRECTORS

M Lazari
L Lazari
N Lazari
A Lazari

COMPANY SECRETARY

N Lazari

REGISTERED NUMBER

12918708

REGISTERED OFFICE

Accurist House
44 Baker Street
London
W1U 7BR

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
40 Clarendon Road
Watford
WD17 1JJ

LAZARI DEVELOPMENTS LIMITED

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LAZARI DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the audited financial statements of Lazari Developments Limited ("the company") for the year ended 31 March 2022. The comparative is for the 6 month period from incorporation on 1 October 2020 to the period end at 31 March 2021.

PRINCIPAL ACTIVITIES

The company's principal activity is to undertake property refurbishment and development with the objective being disposal rather than retention. The profits generated from property sales will be reinvested to grow the business.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £22,045 (2021 - Loss £711,610).

During the year the property at 97-103 Fonthill Road was impaired by £164,451, and 26 High Road was impaired by £2,196 to its gross development value determined by Jones Lang LaSalle Chartered Surveyor.

No dividends were declared in the year (2021 - nil).

Net assets at the year end were £16,170,871 (2021 - £16,192,916).

We have not experienced any adverse fall out from the prolonged Brexit negotiations as we believe our flexibility and speed of response provides us with a competitive advantage.

COVID-19 AND BREXIT

The directors have considered the impact of the ongoing Covid-19 and the exit from the European Union as well as the high rate of inflation on the company and are very aware of the implications that it has had on assets, employees, stakeholders and the going concern assessment. All material financial and operational adjustments, where needed, have been made.

LAZARI DEVELOPMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

M Lazari
L Lazari
N Lazari
A Lazari

LAZARI DEVELOPMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

GOING CONCERN

The directors have considered the working capital position of the company and the ongoing impact of Covid-19 and Brexit as well as the current high level of inflation for a period of at least 12 months from the signing of the financial statements. The directors are of the view that the year end cash balance of £1,595,492 provides sufficient cash to meet cash flow requirements for this post year end period and the ongoing impact of Covid-19 and the high rate of inflation.

On 10 August 2022, the company arranged access to an additional £2.25 million loan facility to the existing £7.75 million loan facility as at 31 March 2022.

This will give the company access to £6.75 million from 1 April 2022 to 30 September 2023.

FUTURE DEVELOPMENTS

The company is diversifying into transportation charter and leisure and hospitality management.

Advance payments of £4,846,094 were made for the acquisition of an aircraft for the transport chartering business. The company is committed for a further \$14,878,360 in dollars, equivalent to £11,307,554 in sterling, for the acquisition of this aircraft.

Delivery of a commercial aircraft for charter with best in class low energy consumption and sustainable features is anticipated to be delivered in Q2 2023.

This may involve increasing both external debt as well as further equity injection by the Lazari family to grow the platform and underwrites both the Directors commitment to the company and the Group as well as a positive growth outlook for its future.

PRIOR YEAR ADJUSTMENT

See Note 19 for details of Prior Year Adjustment.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES EXEMPTION

This report has been prepared in accordance with the special provisions related to small companies within Part 15 of the Companies Act 2006 and the company is therefore exempt from the requirement to prepare a Strategic Report.

This report was approved by the board and signed on its behalf on 15 September 2022 by:

M. Lazari

M Lazari
Director

N. Lazari
N Lazari
Company Secretary

Independent auditors' report to the members of Lazari Developments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Lazari Developments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2022; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to 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 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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Lazari Developments Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Lazari Developments Limited

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 misstatement of financial information via inappropriate journal entries and/or management bias in key accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiry of and discussions with management and those charged with governance, including the review of Board minutes, for any known or suspected instances of fraud, non-compliance with laws and regulations and any potential or actual litigation or claims;
- Engaging PwC valuation experts to assist in reviewing any property valuations performed by third party valuers used by management, including assessment of the reasonableness of valuation methodologies used and significant assumptions therein;
- Testing of taxation related balances and disclosures including review of any correspondence with HM Revenue & Customs;
- Testing journals to supporting documentation to identify any inappropriate adjustments; and
- Evaluating the reasonableness of key accounting estimates and judgements made by management to identify any deliberate misstatements in the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Lazari Developments Limited

Other required reporting

Companies Act 2006 exception reporting

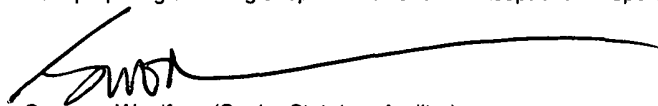
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 September 2022

LAZARI DEVELOPMENTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

		31 March 2022 £	* As restated 6 month period ended 31 March 2021 £
	Note		
Turnover	4	557,710	33,700
Cost of sales		(502,794)	(27,765)
GROSS PROFIT		54,916	5,935
Administrative expenses		(164,896)	(51,603)
Impairment of property value	7	(166,647)	(674,275)
OPERATING LOSS		(276,627)	(719,943)
Interest receivable and similar income		29,356	-
Interest payable and similar charges	8	(68)	(75)
LOSS BEFORE TAXATION		(247,339)	(720,018)
Tax credit on loss	9	225,294	8,408
LOSS FOR THE FINANCIAL YEAR / PERIOD		(22,045)	(711,610)

There was no other comprehensive income for 2022 (2021 - nil).

All amounts relate to continuing operations.

The notes on pages 11 to 25 form part of these financial statements.

* See note 19 for Prior Year Adjustment.

LAZARI DEVELOPMENTS LIMITED
REGISTERED NUMBER: 12918708

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	* As restated 2021 £
FIXED ASSETS			
Tangible assets	10	4,846,094	-
		<u>4,846,094</u>	<u>-</u>
CURRENT ASSETS			
Development properties	11	10,400,000	10,865,000
Debtors: amounts falling due within one year	12	3,176,035	2,023,119
Cash at bank and in hand	13	1,595,492	3,381,163
		<u>15,171,527</u>	<u>16,269,282</u>
Creditors: amounts falling due within one year	14	(3,818,225)	(65,841)
NET CURRENT ASSETS		<u>11,353,302</u>	<u>16,203,441</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,199,396</u>	<u>16,203,441</u>
Creditors: amounts falling due after more than one year	15	(28,525)	(10,525)
NET ASSETS		<u><u>16,170,871</u></u>	<u><u>16,192,916</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	2	2
Share premium account	18	16,904,524	16,904,524
Accumulated losses	18	(733,655)	(711,610)
TOTAL EQUITY		<u><u>16,170,871</u></u>	<u><u>16,192,916</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 8 to 25 were approved by the director and signed on behalf of the board on 15 September 2022 by:

M. Lazari

M Lazari
Director

The notes on pages 11 to 25 form part of these financial statements.

* See note 19 for Prior Year Adjustment.

LAZARI DEVELOPMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Share premium account	Accumulated losses	Total equity
	£	£	£	£
At 1 April 2021 (as previously stated)	2	16,904,524	(1,436,610)	15,467,916
Prior year adjustment (Note 19)	-	-	725,000	725,000
At 1 April 2021 (as restated)	<u>2</u>	<u>16,904,524</u>	<u>(711,610)</u>	<u>16,192,916</u>
Comprehensive income for the year				
Loss for the year	-	-	(22,045)	(22,045)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(22,045)</u>	<u>(22,045)</u>
At 31 March 2022	<u><u>2</u></u>	<u><u>16,904,524</u></u>	<u><u>(733,655)</u></u>	<u><u>16,170,871</u></u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021**

	Called up share capital	Share premium account	Accumulated losses	Total equity
	£	£	£	£
At 1 October 2020	-	-	-	-
Comprehensive expense for the period				
Loss for the period	-	-	(711,610)	(711,610)
Total comprehensive expense for the period	<u>-</u>	<u>-</u>	<u>(711,610)</u>	<u>(711,610)</u>
Shares issued during the period	2	16,904,524	-	16,904,526
Total transactions with owners	<u>2</u>	<u>16,904,524</u>	<u>-</u>	<u>16,904,526</u>
At 31 March 2021	<u><u>2</u></u>	<u><u>16,904,524</u></u>	<u><u>(711,610)</u></u>	<u><u>16,192,916</u></u>

The notes on pages 11 to 25 form part of these financial statements.

LAZARI DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. GENERAL INFORMATION

Lazari Developments Limited ("the company") is engaged in property development.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is: Accurist House, 44 Baker Street, London, W1U 7BR.

The company's functional and presentational currency is pound sterling.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006 as applied to small companies.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The principal accounting policies applied in the preparation of these financial statements are set out below. The company has adopted FRS 102 in this first set of financial statements.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Lazari Developments Holdings Limited as at 31 March 2022 and these financial statements may be obtained from Accurist House, 44 Baker Street, London, W1U 7BR.

LAZARI DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Going concern

The directors have considered the working capital position of the company and the ongoing impact of Covid-19 and Brexit as well as the current high level of inflation for a period of at least 12 months from the signing of the financial statements. The directors are of the view that the year end cash balance of £1,595,492 provides sufficient cash to meet cash flow requirements for this post year end period and the ongoing impact of Covid-19 and the high rate of inflation.

On 10 August 2022, the company arranged access to an additional £2.25 million loan facility to the existing £7.75 million loan facility as at 31 March 2022.

This will give the company access to £6.75 million from 1 April 2022 to 30 September 2023.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

Gross rental income comprises all income arising from letting commercial and residential property and recoverable expenses, excluding value added tax, and is recognised on an accruals basis.

Rental income is recognised over the term of the lease on a straight-line basis.

Turnover from the sale of properties is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer (usually on the date of legal completion), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Profit is taken on the sale of the properties upon final completion of the sales contract. At this time the costs charged against the sale comprise the attributable proportion of expenditure on land acquisition, construction and other development costs.

2.5 Recognition of income relating to rent free periods

Rental income relating to rent free periods given on new leases is allocated evenly over the period from the date of the lease commencement to the lease expiry date.

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Payments on account are treated as additions and depreciation of the tangible fixed asset does not commence until acquired.

2.7 Development properties

Developments properties includes both land under development and property held with the intention of sale and work in progress. Development property is included at the lower of cost and selling price less cost to complete and sell. Cost represents all costs incurred to the balance sheet date but does not include any interest costs. Sales of development properties are shown as turnover when there is an unconditional contract for sale and substantially all the risks and rewards have been transferred to the purchaser.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

LAZARI DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Interest payable and similar charges

Interest payable is charged to the Statement of Comprehensive Income over the term of the loan so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Interest receivable and similar income

Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest method.

LAZARI DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Financial risk management

The objective of the company's financial risk management is to manage and control the risk exposures of its operations and borrowings. The Board of Directors has overall responsibility for overseeing the management of financial risks with procedures designed to identify, monitor and manage the financial risks to which the company is exposed. This note presents information about the company's exposure to financial risks, its objectives, policies and processes for managing risk and the company's management of its financial resources.

Capital structure

The capital structure of the company consists of shareholders' equity and net borrowings, including cash held on deposit. Capital is managed so as to optimise the long-term success of the company and returns to shareholders. In order to maintain or adjust the capital structure, the company may issue new shares or raise medium/long term third party debt. Any changes will be considered in the light of the impact they have on shareholder's return on their equity. The company is not subject to externally imposed capital requirements.

The company's strategy is to maintain an appropriate net debt to total equity ratio and loan-to-value ratio to ensure that asset level performance is translated into enhanced returns for shareholders whilst maintaining an appropriate risk-reward balance.

Inflation risk

The company's contracts are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation, where possible, to minimise the risks of a mismatch between income and costs due to movements in inflation indexes. The company's overall cash flows are estimated to vary partially with inflation. The effects of these inflation changes do not always flow immediately through to the company's cash flows.

Credit risk

Credit risk is the risk that a counterparty of the company will be unable or unwilling to meet a commitment that it has entered into with the company. Debtors are presented in the balance sheet net of allowances for doubtful debts. The company seeks to only trade with creditworthy third parties and monitors the levels of debt on a regular basis. The credit risk of debtors is considered to be low.

The credit risk on liquid funds is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

LAZARI DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the company's reputation. Long term and short term liquidity needs are reviewed on a periodic basis by management and the board.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (CONTINUED)

2.17 Share capital

Ordinary shares are classified as equity.

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Critical accounting estimates and assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimation of costs to complete and contract provisions

In order to determine the profit and loss that the company is able to recognise on its developments, the assessment of the total costs to be incurred and final contract value requires a degree of estimation, as does the assessment of a development's valuation. However, company management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis, including any necessary contract provisions.

Development properties valuation

The inventory and development properties are valued on the balance sheet at the lower of cost and selling price less cost to complete and sell. Where a development is in progress, net realisable value is assessed by using various assumptions and estimations which include, but are not limited to; costs to complete, market yields and transaction prices of similar properties which are valued by a qualified external chartered surveyor at the reporting date.

See note 11.

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

4. TURNOVER

An analysis of turnover by class of business is as follows:

	31 March 2022 £	6 month period ended 31 March 2021 £
Sale of property	421,621	-
Rent receivable	136,089	33,700
	<u>557,710</u>	<u>33,700</u>

5. AUDITORS' REMUNERATION

	31 March 2022 £	6 month period ended 31 March 2021 £
Fees payable to the company's auditors for the audit of the company's annual financial statements	<u>10,500</u>	<u>10,000</u>

6. DIRECTORS' REMUNERATION

	31 March 2022 £	6 month period ended 31 March 2021 £
Directors' emoluments	<u>97,978</u>	<u>16,262</u>

The highest paid director received remuneration of £97,978 (2021 - £16,262) which comprised of a gross wage of £97,978 (2021 - £16,262) of which £10,809 (2021 - £2,081) is Em NIs.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021 - £Nil).

The total accrued pension provision of the highest paid director at 31 March 2022 amounted to £Nil (2021 - £Nil).

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. IMPAIRMENT OF PROPERTY VALUE

	31 March 2022 £	* As restated 6 month period ended 31 March 2021 £
Impairment of properties held for development (See Note 19)	166,647	674,275
	<u>166,647</u>	<u>674,275</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	31 March 2022 £	6 month period ended 31 March 2021 £
Other interest payable	(68)	(75)
	<u>(68)</u>	<u>(75)</u>

9. TAX CREDIT ON LOSS

	31 March 2022 £	6 month period ended 31 March 2021 £
CORPORATION TAX		
Current tax on loss for the year / period	-	(8,408)
TOTAL CURRENT TAX	<u>-</u>	<u>(8,408)</u>
Origination and reversal of timing differences	(225,294)	-
TOTAL DEFERRED TAX	<u>(225,294)</u>	<u>-</u>
TAX CREDIT ON LOSS	<u>(225,294)</u>	<u>(8,408)</u>

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. TAX CREDIT ON LOSS (CONTINUED)

FACTORS AFFECTING TAX CREDIT FOR THE YEAR / PERIOD

The tax assessed for the year/period is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	31 March 2022 £	* As restated 6 month period ended 31 March 2021 £
Loss before tax (See below * and note 19)	<u>(247,339)</u>	<u>(720,018)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) (See below * and note 19)	<u>(46,994)</u>	<u>(136,803)</u>
EFFECTS OF:		
Additional deductions for land remediation expenditure	-	(211)
Remeasurement of deferred tax for changes in tax rates	(56,089)	-
Deferred tax not recognised (See below * and note 19)	(126,961)	126,961
Transfer pricing adjustments	4,750	1,645
TOTAL TAX CREDIT FOR THE YEAR / PERIOD	<u>(225,294)</u>	<u>(8,408)</u>

* The above restatements did not impact the tax on loss for the year as set out in the Statement of Comprehensive Income, albeit the reconciliation of the actual tax charge to the statutory rate of tax was adjusted accordingly.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The increase in tax rate to 25% has been reflected in deferred tax in these financial statements.

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. TANGIBLE FIXED ASSETS

	Aircraft £
COST	
At 1 April 2021	-
Additions	4,846,094
At 31 March 2022	<u>4,846,094</u>
 NET BOOK VALUE	
At 31 March 2022	<u>4,846,094</u>
At 31 March 2021	<u>-</u>

Advance payments of £4,846,094 were made for the acquisition of an aircraft for the transport chartering business. The company is committed for a further \$14,878,360 in dollars, equivalent to £11,307,554 in sterling, for the acquisition of this aircraft.

11. DEVELOPMENT PROPERTIES

	2022 £	* As restated 2021 £
Development properties	<u>10,400,000</u>	<u>10,865,000</u>

At the year end, four properties held for development and sale were shown in the financial statements at lower of cost and net realisable value (including additional development costs) of £2,150,00 (2021 - £2,615,000) for property at 97-103 Fonthill Road, N4, £2,000,000 (2021 - £2,000,000) for property at 22-24 High Road, London and £6,250,000 (2021 - £6,250,000 previously stated as £5,525,000) for property at 26 High Road, London.

* See note 19 for Prior Year Adjustment.

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. DEBTORS: Amounts falling due within one year

	2022 £	2021 £
Trade debtors	78,294	42,860
Amounts owed by group undertakings	2,364,575	1,481,593
Other debtors	494,861	4,200
Rent free accrued income	4,603	-
VAT recoverable	-	486,058
Deferred taxation (Note 16)	233,702	8,408
	<u>3,176,035</u>	<u>2,023,119</u>

Trade debtors are stated after provision for impairment of £14,837 (2021 - £23,200).

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

13. CASH AT BANK AND IN HAND

	2022 £	2021 £
Cash at bank and in hand	<u>1,595,492</u>	<u>3,381,163</u>

14. CREDITORS: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	943	555
Loan (See Note 22)	3,240,000	-
Other taxation and social security	11,085	4,814
Other creditors	489,749	-
Accruals and deferred income	76,448	60,472
	<u>3,818,225</u>	<u>65,841</u>

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. CREDITORS: Amounts falling due after more than one year

	2022	2021
	£	£
Other creditors	28,525	10,525

16. DEFERRED TAXATION

	2022
	£
At 1 April 2021	8,408
Utilised during the year	225,294
At 31 March 2022	233,702

The deferred tax asset is made up as follows:

	2022	2021
	£	£
Accelerated capital allowances	233,702	8,408

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

17. CALLED UP SHARE CAPITAL

	2022 £	2021 £
Allotted, called up and fully paid		
2 (2021 - 2) Ordinary shares of £1.00 each	2	2
	<u>2</u>	<u>2</u>

18. RESERVES

Share premium account

Amount subscribed for share capital in excess of nominal value.

Accumulated losses

The retained deficit represents the accumulated profits, losses and distributions of the company.

19. PRIOR YEAR ADJUSTMENT

During the year the directors reviewed the base cost which had been applied to a property which was held for development and concluded that it should have been reflected at £6,250,000 instead of the £5,525,000 previously reflected in the financial statements for the year ended 31 March 2021.

The impact of correcting the above was to reduce the prior period impairment of property value by £725,000 from £1,399,275 to £674,275 in the statement of comprehensive income which also reduced the reported loss for the financial year ended 31 March 2021 from £1,436,610 to £711,610.

The adjustment also meant net assets were increased from £15,467,916 to £16,192,916 reflecting the increase in the value of the development properties held from £10,140,000 to £10,865,000.

20. CAPITAL COMMITMENTS

At 31 March 2022 the company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements (See note 10)	11,307,554	-
	<u>11,307,554</u>	<u>-</u>

LAZARI DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

21. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2022 the company had contractual rent receivables under operating leases as follows:

	2022 £	2021 £
Lessor		
Not later than 1 year	59,614	46,380
Later than 1 year and not later than 5 years	253,112	64,000
Later than 5 years	-	160,088
	<u>312,726</u>	<u>270,468</u>

22. RELATED PARTY TRANSACTIONS

As of 31 March 2022, Lazari Developments Ltd entered into an "on demand" revolving term loan facility agreement with Lazari Finance 2 Ltd with an Effective Date of 31 March 2022 for loan amount of £7.75m. As at 31 March 2022, £3.25m, which accrues interest at 2.75% above Base Rate, had been drawn down and reflected as £3,240,000 after deduction of arrangement fees of £10,000.

On 10 August 2022, the above loan facility was increased from £7.75 million to £10 million expiring 30 September 2023.

23. CONTROLLING PARTY

The immediate and ultimate parent undertaking, which is also the parent undertaking of the smallest and largest group of undertakings for which the group financial statements are drawn up and of which the company is a member, is Lazari Developments Holdings Limited, which is incorporated in the UK. Group financial statements are available on request from Accurist House, 44 Baker Street, London, W1U 7BR.

The ultimate controlling party is M Lazari.