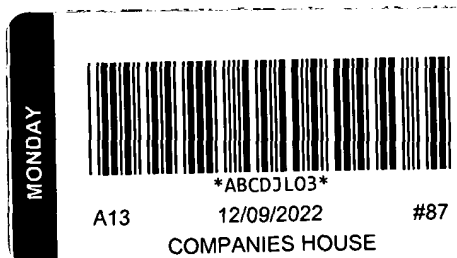


Registered number
00988051

AI Properties Limited
Annual Report and Financial Statements
for the year ended 31 December 2021



AI Properties Limited
Annual report and financial statements
for the year ended 31 December 2021

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AI Properties Limited
Company Information

Directors

J F Bowater
P J Norah

Independent Auditor

Mazars LLP
Statutory Auditor
2 Chamberlain Square
Birmingham
B3 3AX
United Kingdom

Registered office

Bardon Hall
Copt Oak Road
Markfield
Leicestershire
LE67 9PJ
United Kingdom

Registered number

00988051

AI Properties Limited
Directors' report
for the year ended 31 December 2021

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

Directors

The following Directors held office during the year and up to the date of this report:

J F Bowater

P J Norah

Information on the Directors' remuneration is shown in note 5.

Business review

AI Properties Limited's ("the Company's") principal business is that of property ownership.

The Company continued on a refurbishment programme for certain of its properties and as a result, reduction in rental income of 10% is noted which together with a reduced annual depreciation due to property disposals has resulted in a gross loss of £26k (2020: £94k loss). An operating profit of £363k (2020: £139k) has been achieved through realizing profits on disposal of £407k (2020 £260k) with administrative costs remaining broadly in line with the previous year.

Results and dividends

The Company's profit after taxation for the year was £89k (2020: £38k). No dividend was declared for the year (2020: £nil).

The Statement of Comprehensive Income and Statement of Financial Position appear on pages 8 and 9 respectively.

Going concern

The Directors have considered the performance, maturity date of its liabilities and the ability of the Company to cover short term repayments and the cashflow forecast for the next 12 months. As a result, the Directors believe the Company has sufficient resources to pay its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis. The Directors have also considered, there will be no significant and material impact of Covid 19 on the company.

Future developments

The Company intends to continue to operate as an owner of property. The Directors expect overall operations to remain broadly consistent in the coming year.

Events since the Statement of Financial Position date

The Directors have considered Russia's invasion of Ukraine which began in February 2022, and have concluded that there is no material adverse impact on the business. There were no other material disclosable or adjusting events between 31 December 2021 and the date of signing these financial statements.

Principal risks and uncertainties

Rental income generated by AI Properties Limited is dependent on demand for property. The Company will explore potential possibilities to have long term rental agreements with customers to mitigate economic uncertainty risk until the end of the contract period and there will be no significant and material impact of Covid 19 on the company.

Directors' qualifying third party indemnity provisions

The Company has indemnified the Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' report.

Carbon reporting

As a low energy user, this entity is exempt from streamline carbon reporting.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Preparation of Directors' report

The Directors' report has been prepared in accordance with the special provisions in section 415A of the Companies Act 2006 in regards to small companies. The Directors have taken advantage of the small companies' exemption provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

Auditor

Mazars LLP has been reappointed as a statutory auditor of the Company during the year.

AI Properties Limited
Directors' report
for the year ended 31 December 2021 (continued)

Directors' Responsibilities Statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on going concern basis unless it is inappropriate to presume that the company will continue in business.

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

This report was approved and signed on its behalf by order of the board.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

DocuSigned by:

John Bowater

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J F Bowater

Director

On behalf of AI Properties Limited

08 July 2022

AI Properties Limited

Independent auditor's report to the members of AI Properties Limited

Opinion

We have audited the financial statements of AI Properties Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and 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 Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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:

AI Properties Limited

Independent auditor's report to the members of AI Properties Limited

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off assertion, and significant one-off or unusual transactions.

AI Properties Limited

Independent auditor's report to the members of AI Properties Limited

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

DocuSigned by:



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Louis Burns (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Two Chamberlain Square

Birmingham

B3 3AX

Date: 08 July 2022

AI Properties Limited
Statement of Comprehensive Income
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Continuing operations			
Revenue	4	289	298
Cost of sales		<u>(315)</u>	<u>(392)</u>
Gross (loss)		(26)	(94)
Other income	6	407	260
Administrative expenses		<u>(18)</u>	<u>(27)</u>
Operating profit before taxation	7	363	139
Taxation	8	<u>(274)</u>	<u>(101)</u>
Profit after taxation		89	38
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of the Company		89	38

The notes on pages 10 to 16 form an integral part of these financial statements.

AI Properties Limited
Company Registration No. 00988051
Statement of Financial Position
as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Investment properties	9	<u>5,627</u>	<u>5,980</u>
		5,627	5,980
Current assets			
Cash at bank and in hand		-	1
Debtors	10	<u>2,860</u>	<u>2,132</u>
		2,860	2,133
Total assets		<u>8,487</u>	<u>8,113</u>
Creditors: amounts due within one year	11	(261)	(250)
Net current assets		<u>2,599</u>	<u>1,883</u>
Total assets less current liabilities		<u>8,226</u>	<u>7,863</u>
Provisions for liabilities and charges	12	(1,242)	(968)
Net assets		<u>6,984</u>	<u>6,895</u>
Capital and reserves			
Called up share capital	13 & 14	-	-
Retained earnings	14	<u>6,984</u>	<u>6,895</u>
Total equity		<u>6,984</u>	<u>6,895</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 08 July 2022, they were signed on its behalf by:

DocuSigned by:

John Bowater

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J F Bowater

Director

08 July 2022

AI Properties Limited
Statement of Changes in Equity
for the year ended 31 December 2021

	Attributable to the equity shareholders		
	Called up share capital £'000	Retained earnings £'000	Total £'000
As at 1 January 2020	-	6,857	6,857
Profit for the year	-	38	38
Total comprehensive income	-	38	38
As at 1 January 2021	-	6,895	6,895
Profit for the year	-	89	89
Total comprehensive income	-	89	89
As at 31 December 2021	-	6,984	6,984

The notes on pages 10 to 16 form an integral part of these financial statements.

AI Properties Limited
Notes to the Financial Statements
for the year ended 31 December 2021

1 Corporate information

The financial statements of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 08 July 2022. The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England & Wales. The address of the Company's registered office is shown in the Company Information on page 1. The nature of the Company's operations and principal activities are set out in the Directors' Report.

These financial statements were prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" FRS 101 and in accordance with applicable accounting standards. The Company meets the definition of a qualifying entity under FRS 101, 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC). Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The Company's Financial Statements are presented in Pounds Sterling because that is the currency of the principal economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. The Company's ultimate parent undertaking, Holcim Ltd, was notified of and did not object to the use of the adopted IFRS disclosure exemptions.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IAS 7 Statement of Cash Flows;
- (b) the requirements of IAS 24 Related Party Disclosure to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member and exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity;
- (c) the requirements of IFRS 7 Financial Instruments: Disclosures, this exemption requires that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- (d) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (e) the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements to present capital disclosures in respect of its objectives, policies and processes for managing capital.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Going Concern

The Directors have considered the performance, maturity date of its liabilities and the ability of the Company to cover short term repayments and the cashflow forecast for the next 12 months. As a result, the Directors believe the Company has sufficient resources to pay its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis. The Directors have also considered, there will be no significant and material impact of Covid 19 on the Company.

2 Accounting policies

2.1 Summary of significant accounting policies

a Rental income

Rental income is stated net of VAT and trade discounts. Rental income from properties is accounted for on a straight line basis over the lease term.

AI Properties Limited
Notes to the Financial Statements
for the year ended 31 December 2021

b Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

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 computation of taxable profit, and is accounted for using the Statement of Financial Position 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Statement of Financial Position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

c Investment properties

The cost of investment properties, less their estimated residual value, is written off by equal annual instalments over their expected useful lives as follows:

Freehold land	- nil
Freehold buildings and structures	- 25 - 50 years

Impairment of investment properties

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The Company has considered the movement in the property market and used its experience and judgement to arrive at the conclusion that there have been no indications of significant impairment in the carrying value of the investment properties.

2 Accounting policies (continued)

2.1 Summary of significant accounting policies (continued)

d Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

AI Properties Limited
Notes to the Financial Statements
for the year ended 31 December 2021

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. Since the receivables of the Company are mostly with Holcim Group companies, the credit risk is considered very low.

The company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Impairment of financial assets

The Company didn't revise its impairment methodology under IFRS 9, defining 2 types of financial assets subject to IFRS 9's expected credit loss model. For trade receivables, the Company applies the simplified approach providing for expected credit losses using the lifetime expected loss provision for trade receivables. For loans and receivables, the credit provision is determined based on the credit risk standing at each reporting date. There was no material impact relating to provisions on loan receivables on conversion to IFRS 9.

Derecognition of financial assets

The Company derecognizes a financial asset only 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 entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2 Accounting policies (continued)

2.1 Summary of significant accounting policies (continued)

d Financial Instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

AI Properties Limited
Notes to the Financial Statements
for the year ended 31 December 2021

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments and hedge accounting

The company mainly uses derivative financial instruments in order to reduce its exposure to changes in commodities prices. Derivatives are regarded as held for hedging unless they do not meet the strict hedging criteria stipulated under IFRS 9 Financial Instruments, in which case they will be classified as held for trading. Financial derivatives expected to be settled within 12 months after the end of the reporting year are classified as current assets or current liabilities. Movements in the cash flow hedging reserve are shown in the Statement of changes in equity.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the statement of income, along with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income (expenses). The Company documents at the inception of hedging transactions the economic relationship between hedging instruments and hedged items, including whether the hedging instrument is expected to offset changes in cash flows of hedged items, and its risk management objective and strategy.

e Cash at bank and in hand

Cash at bank and in hand in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

2 Accounting policies (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The Company's significant accounting policies are set out above. The preparation of financial statements, in conformity with FRS101, requires the use of estimates, subjective judgements and assumptions that may affect the amount of assets and liabilities at the end of the reporting year and reported profit and earnings for the year. The Directors base these estimates, judgements and assumptions on a combination of past experience, professional expert advice and other evidence that is relevant to the particular circumstances.

The Company considered the financial statements and has applied estimation on the fair value of the investment properties for the purpose of impairment. The Company has considered the movement in the property market and used its experience and judgement to arrive at the conclusion that there has been no indication of uncertainty, which could lead to significant impairment in the carrying value of the investment properties. The Directors' do not consider there to be any judgements in the preparation of these financial statements.

4 Revenue

All revenue is derived solely in the UK and relates to a single business segment for the management of investment properties in which rental income is generated.

AI Properties Limited
Notes to the Financial Statements
for the year ended 31 December 2021

5 Directors and employees

The Directors' services to the Company do not occupy a significant amount of their time. As such the Directors have not received any remuneration for their incidental services to the Company for the years ended 31 December 2019 or 31 December 2018. No staff were employed by the Company during the year or in the previous year.

6 Other Income

	2021	2020
	£'000	£'000
Net profit on disposal of investment property	<u>407</u>	<u>260</u>

7 Operating profit / (loss)

This is stated after charging:

Note

	2021	2020
	£'000	£'000
Rental income from investment properties	(289)	(298)
Direct operating expenses arising from investment property that generated rental income during the period	69	151
Direct operating expenses arising from investment property that did not generate rental income	46	22
Depreciation of investment properties	<u>200</u>	<u>219</u>
	<u>315</u>	<u>392</u>
(Gain) on disposal of investment properties	(407)	(260)

The audit fee of £6k (2020: £6k) has been borne by a fellow group company. There were no fees for non-audit services in either the current or prior year.

8 Taxation

	2021	2020
	£'000	£'000
The charge for taxation is as follows:		
Corporation tax	-	-
Adjustments in respect of prior years - UK	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	(1)	-
Impact of deferred tax rate change	298	102
Adjustment in respect of prior years	(23)	(1)
Total deferred tax	<u>274</u>	<u>101</u>
Tax on profit on ordinary activities	<u>274</u>	<u>101</u>

Factors affecting Current tax Charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)

The differences are explained below:

Total tax reconciliation	2021	2020
	£'000	£'000
Profit before taxation	<u>363</u>	<u>139</u>
Tax on profit	69	26
Group relief not paid for	(31)	(19)
Non-deductible items	(39)	(7)
Impact of deferred tax rate change	298	102
Adjustment in respect of prior years	(23)	(1)
Total tax	<u>274</u>	<u>101</u>

The standard rate of Corporation Tax in the UK reduced from 20% to 19% with effect from 1 April 2017. Accordingly the company's profits for this accounting period are taxed at an effective rate of 19.00% (2020: 19.00%). The Finance Act 2021, substantively enacted 24 May 2021, stated that the standard rate of Corporation Tax in the UK will change from 19.00% to 25.00% with effect from 1 April 2023.

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9 Investment properties

	Construction in Progress	Freehold land and buildings £'000	Total £'000
Cost			
At 1 January 2021	33	9,551	9,584
Transfer from group company	-	-	-
Additions	-	-	-
Disposals	-	(309)	(309)
As at 31 December 2021	33	9,242	9,275
Depreciation			
At 1 January 2021	-	3,604	3,604
Transfer from group company	-	-	-
Charge for the year	-	200	200
Disposals	-	(156)	(156)
As at 31 December 2021	-	3,648	3,648
Net book value			
As at 31 December 2021	33	5,594	5,627
As at 31 December 2020	33	5,947	5,980

Freehold land and buildings with a carrying amount of £3,074k (2020: £3,550k) are held on perpetual beneficial interests with their legal titles remaining in the name of other companies within the group headed by Holcim Ltd, a company incorporated in Switzerland. The cost of non-depreciated freehold land is £7k (2020: £7k).

10 Debtors	2021	2020
	£'000	£'000
Trade debtors	96	117
Amounts due from group undertakings	2,764	2,015
Total current debtors	2,860	2,132

Amounts due from Group Undertakings are unsecured and on interest free normal open credit terms. None of the amounts are related to parent companies. There were no bad debts during the year.

11 Creditors: amounts due within one year	2021	2020
	£'000	£'000
Trade creditors	23	3
Accruals and deferred income	11	20
Amounts due to other group undertakings	227	227
	261	250

Amounts due to other group undertakings are related to trade payables and are interest free. The balances are repayable on demand.

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12 Provisions for liabilities and charges

	2021	2020
	£'000	£'000
Deferred tax		
Balance at 1 January	968	867
Arising during the year	-	-
Prior year adjustment	(23)	(1)
Impact of deferred tax rate change	297	102
Balance at 31 December	1,242	968

The amounts provided for deferred taxation, calculated at 25% (2020: 19%) are as follows:

	2021	2020
	£'000	£'000
Accelerated capital allowances	1,242	968
Other timing differences	-	-
	1,242	968

The Finance Act 2021, substantively enacted 24 May 2021, stated that the standard rate of Corporation Tax in the UK will change from 19.00% to 25.00% with effect from 1 April 2023. Accordingly, deferred tax balances as at 31 December 2021 are calculated at the rate of 25.00% tax rate (prior year 19.00%).

13 Called up Share capital

	2021	2020
	£	£
<i>Authorised, allotted, called up and fully paid:</i>		
3 Ordinary shares of £1 each	3	3

Rights attaching to shares are in accordance with Table A of the Companies Act 1985.

14 Reserves

Share capital

Equity share capital comprises the net proceeds up to par value on issue of the Company's equity share capital, of 3 ordinary shares of £1 each.

Retained earnings

The retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

15 Related Party Transactions

The Company has taken advantage of the exemption under 'IAS 24 - Related Party Disclosures' and not disclosed transactions with companies that are wholly owned.

16 Parent and ultimate parent company

The immediate parent company is Camas Holdings Limited, registered at Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ Great Britain.

The ultimate parent undertaking of Camas Holdings Limited is Holcim Ltd which is registered in Switzerland. Copies of the group financial statements of Holcim Ltd may be obtained from Grafenauweg 10, 6300 Zug, Switzerland, or from www.holcim.com/investor-relations.

This is the smallest and largest group in which results are consolidated.

17 Events since the Statement of Financial Position date

The Directors have considered Russia's invasion of Ukraine which began in February 2022, and have concluded that there is no material adverse impact on the business. There were no other material disclosable or adjusting events between 31 December 2021 and the date of signing these financial statements.