

Annual Report and Accounts

Report of the Directors and Consolidated Financial
Statements For The Year Ended 31 March 2022



WALLS & FUTURES



Pax Home

Contents

What's inside this report

1	Company Information	15	Company Statement of Financial Position
2	Group Strategic Report	16	Consolidated Statement of Changes in Equity
8	Report of the Directors	18	Consolidated Statement of Cash Flows
9	Report of the Independent Auditors	19	Notes to the Consolidated Statement of Cash Flows
12	Consolidated Income Statement	20	Notes to the Consolidated Financial Statements
14	Consolidated Other Comprehensive Income	33	Consolidated Trading and Profit and Loss Account
14	Consolidated Statement of Financial Position		

Group Strategic Report

Report of the Directors
and Consolidated Financial Statements
For The Year Ended 31 March 2022 for

Walls & Futures REIT Plc

Company Information

(For The Year Ended 31 March 2022)

DIRECTORS: J K McTaggart
P A Wylie
Ms K Robinson

SECRETARY: Ms K Robinson

REGISTERED OFFICE: Octagon Point
5 Cheapside
London
EC2V 6AA

REGISTERED NUMBER: 10071765 (England and Wales)

AUDITORS: Moore Kingston Smith LLP
6th Floor
9 Appold Street
London
EC2A 2AP

Group Strategic Report

The directors present their strategic report of the company and the group for the year ended 31 March 2022. Walls & Futures REIT plc is pleased to announce the company's results for the 12 month period ended 31 March 2022.

The principal activity of the group continues to be investing and developing property to meet the unmet demand for specialist social housing ("SSH") in the UK. We do not have involvement with the care delivered within the properties, which is managed by care providers approved by local authorities.

Review of Business

Highlights

Net Asset Value (NAV) down 4% to 98p per share (2021: 102p per share)

Revenue £93,455 down 37% (2021: £148,420)

Loss -£122,296 (2021: Loss of -£214,169)

Exceptional items of £164,794 defending a hostile takeover attempt

Investment property value increased by 7.2%

Earnings per share -3.26p (2021: -5.70p)

100% of Specialist Supported Housing rents collected

Successful launch of Pax Homes

Pipeline of sites for new Pax Homes developments

Agreed lease terms & signed memorandum of understanding with new partners

Overview

We made great strides in implementing the new strategy outlined in our May 2021 letter, now that the unwelcome distraction of the hostile takeover was behind us.

We believe that focusing on development, where we have a track record of generating strong returns, will deliver growth, investment, and significantly reduce the discount between the Company's share price and the net asset value per share ("the NAV").

We completed the sale of our last PRS property in December 2021 for £662,500, representing a 1.9% premium over its March 2020 valuation allowing us to concentrate on expanding our Specialist Supported Housing (SSH) portfolio.

Our SSH portfolio continues to perform well. Despite the ongoing economic challenges, we collected 100% of our SSH rents, and the value of our SSH portfolio increased by 7.2%. Our Net Asset Value (NAV) fell by 4% to 98p per share on March 31, 2022.

Finally, we finished the design and successfully launched Pax Homes.



— “
Pax Homes are specially designed
around the sensory needs of
people with autism, offering a
peaceful, functional, stylish and
welcoming place to call home

” —



Pax Homes

Pax Homes are an incredible, flexible home designed specifically around the needs of autistic people across the spectrum.

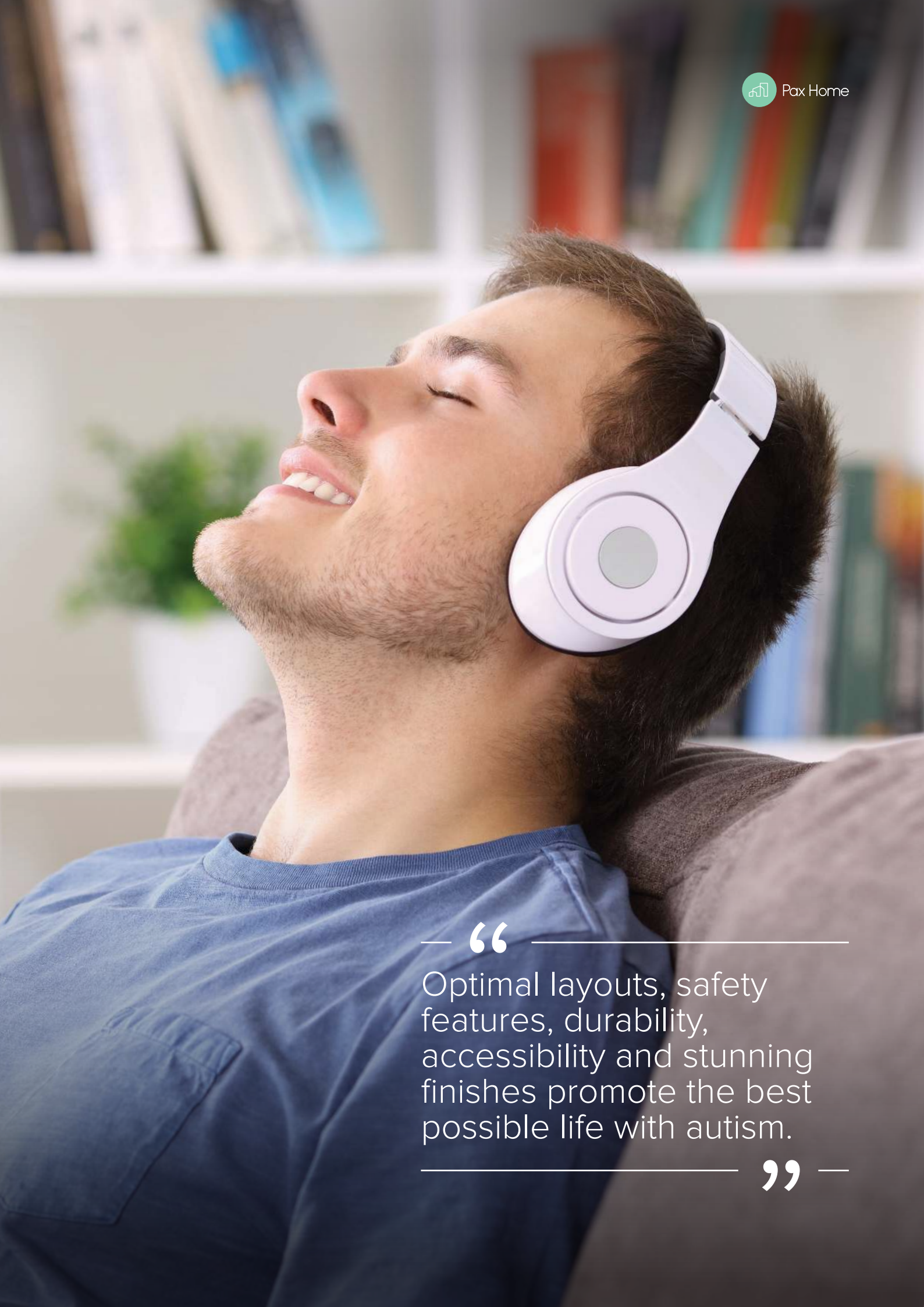
They prioritise wellbeing and independence by considering textures, noise, lighting and balance. Optimal layouts, safety features, durability, accessibility and stunning finishes promote the best possible life with autism. Initially available as 1 and 2 bedroom homes, they can be configured to individual homes or incorporated into a small development.

In January 2022, The Commons Health and Social Care Select Committee report highlighted the drastic need for specialist housing and care accommodation for people with autism and learning disabilities. Pax Homes addresses this need, improving lives by solving the expense and shortage of specialist supported housing.

Pax Homes has received positive feedback from our current partners, as well as inquiries from specialist charities, care providers, housing associations, NHS trusts, local authorities, and special education needs schools. We are especially pleased with the response from the broader autism community, with a test direct marketing campaign generating approximately 250 enquiries per week seeking information on renting and purchasing Pax Homes.

We have agreed terms on land options in Dorset and Sunderland for our first Pax Homes developments, which will have an estimated Gross Development Value (GDV) £6 million. We are actively seeking additional land options in Cornwall, Devon, Kent, Norfolk, and Greater Manchester with an estimated GDV of £15 million.





— “ —
Optimal layouts, safety features, durability, accessibility and stunning finishes promote the best possible life with autism.
— ” —

Outlook for the future

Our current structure and business model require us to provide Pax Homes on a lease-only basis to our customers. However, we have received inquiries from individuals and organisations interested in purchasing individual homes and developments. Furthermore, it has become clear that the primary route to value creation within the sector is through property development rather than long-term investment retention.

To capitalise on Pax Homes, we propose a strategic pivot in which we sell Pax Homes to buyers rather than holding properties as long-term investors. The Company's REIT status creates barriers to fully utilising development opportunities, most notably limitations on the source of its returns and the use of external borrowing. Shareholders are being asked to approve this change.

If shareholders approve the change, the Board plans to keep its current supported living investments in Stroud, Gloucestershire, and Didcot, Oxfordshire. These assets serve as a solid asset backstop for the Company's balance sheet, as well as a healthy and secure rental stream. The Board intends to use these assets as collateral for loans to finance future Pax Homes developments, with the loans to be repaid from the sale of the Pax Homes, which is a severely limited option under its current REIT status.

These future Pax Homes developments will also be funded by the Company's existing cash resources (resulting from its sale of its legacy private rented sector properties) and possibly further share issues. With this in mind, the Board is seeking new share capital authorities to enable the Company to raise additional equity funding. As part of the Proposals, the Company is seeking to change its name to Walls & Futures Group plc to reflect the removal of REIT status.

Section 172(1) Statement

The directors of Walls & Futures REIT plc and those of all UK companies must act in accordance with a set of general duties. These duties are detailed in the UK's Companies Act and include a duty to promote the success of the Company which is summarised below.

In summary, as required by Section 172 of the UK's Companies Act, a director of a company must act in the way he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to the:

- **likely consequences of any decisions**

- **in the long term;**

- **interests of the company's employees;**

- **need to foster the company's business**

- **relationships with suppliers, customers and others;**

- **impact of the company's operations on the community and environment;**

- **company's reputation for high standards of business conduct; and**

- **need to act fairly as between members of the company.**

Overview of how the Board performed its duties

We have regularly provided our shareholders with updates through official announcements, our website, email newsletters and interviews on Proactive Investors. We have also held a number of conference calls with investors, the feedback was positive, and we intended to continue these in the future.

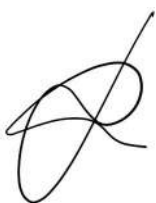
We are in constant touch with our customers reviewing the homes we have delivered and discussing ways in which we can improve the design, features, quality and delivery of future homes. This also includes ensuring the homes we develop improve the impact on the environment.

Future Funding

We will seek to raise fresh capital to fund the remainder of our pipeline, which will consist of new build developments, from investors seeking to make a real positive social impact; however, we will not raise new equity at the current substantial discount to net asset value, as this would result in a significant dilution to Shareholders. The Company is also able to draw down on its £600,000 secured revolving credit facility until April 2024, on which it currently has no funds drawn.

Finally, we would like to thank all our shareholders for their Continued support.

On behalf of the board:



J K McTaggart
Director



Report of the Directors

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2022.

Dividends

No dividends will be distributed for the year ended 31 March 2022.

Directors

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

J K McTaggart

P A Wylie

Other changes in directors holding office are as follows

D P White - resigned 31 December 2021

Ms K Robinson - appointed 31 December 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 Financial Reporting Standard 102 '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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

The auditors, Moore Kingston Smith LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting. It is usual for rotation of audit partner every five years, which can be extended in cases where a change in the business means that flexibility in the timing of the rotation is necessary to safeguard the quality of the audit. Given the events of the last year outlined in the strategic report, we believe this to be appropriate, with the additional safeguard that our auditors also have an engagement quality control partner performing an expanded review of their files.

Report of Independent Auditors to the Members of Walls & Futures REIT Plc

Opinion

We have audited the financial statements of Walls & Futures REIT plc (the 'parent company' and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- **the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;**
- **the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006**

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement. The subsidiaries of the parent company were dormant, or near dormant, during the year so were not considered significant components for the audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement

(whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters 1

The valuation of investment properties requires an estimation and the directors enlist the services of an independent valuer to assist in this regard.

How our scope addressed this matter

We critically assessed the Group's external property valuer's objectivity, professional qualifications and resources to complete this service.

We reviewed and critically assessed the independent valuation report provided to us, challenging the key assumptions and the valuation methodology used with reference to publicly available industry data and industry experience.

We have analytically reviewed the movement in the valuation of properties from the prior year, and obtained the rationale for any change not in line with our expectations. We based our expectations on our experience and current industry benchmarks.

We reviewed the information provided by the Group to the external property valuer and agreed these to supporting documentation.

We considered the adequacy of the Company's disclosures about the degree of estimation and sensitivity to key assumptions made when valuing properties.

Key Audit Matters 2

The going concern status of the company is uncertain owing to a special resolution being put to the AGM.

How our scope addressed this matter

Our audit work and conclusion in respect of going concern has been detailed in the 'Material uncertainty related to going concern' section of our audit report.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group we considered the gross asset value to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Group and Parent to be £59,024, based upon a percentage of gross assets as we considered this to be the principal consideration for users of the financial statements in assessing the financial performance of both the group and parent company.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group was 50% of materiality, namely £29,512. We agreed to report to the directors all audit

differences in excess of £2,951, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Material uncertainty related to going concern

We draw attention to the going concern accounting policy detailed in note 3 to the financial statements, which indicate that at the Annual General Meeting (AGM) a vote will be put to all shareholders whether the company should continue operations as currently constituted. The resolution is to amend the Company's articles and instead become a 'conventional' property and development company. The vote will be a special resolution which the Board unanimously recommends to the shareholders.

If proposals are not approved by shareholders, an alternative proposal to wind up the Company and distribute the net proceeds to shareholders will be put. The Board does not recommend shareholders vote in favour of this resolution.

The resolutions to be voted on at the AGM create material uncertainty regarding the Company's going concern status.

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 there is 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements; and

" the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

" adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

" the parent company financial statements are not in agreement with the accounting records and returns; or

" certain disclosures of directors' remuneration specified by law are not made; or

" we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at www.frc.org.uk/

This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

" We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, the rules of the AQSE Growth Market and UK taxation legislation.

" We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.

" We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

" We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

" Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Use of our report

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

Jonathan Sutcliffe (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP

6th Floor
9 Appold Street
London
EC2A 2AP.

Consolidated Statement of Comprehensive Income

For The Year Ended 31 March 2022

	Notes	2022 £	2021 £
TURNOVER	5	93,455	148,420
Cost of sales		(1,549)	(40,106)
GROSS PROFIT		91,906	108,314
Administrative expenses		242,474	(259,285)
		(150,568)	(150,971)
Other operating income		12,500	(21,861)
Gain/loss on revaluation of tangible assets		185,000	(35,000)
OPERATING LOSS	7	46,932	(207,832)
Exceptional Item	26	(168,794)	-
Interest receivable and similar income		61	27
		(121,801)	(207,805)
Interest payable and similar expenses	8	478	6,364
LOSS BEFORE TAXATION		(122,279)	(214,169)
Tax on loss	9	17	-
LOSS FOR THE FINANCIAL YEAR		(122,296)	(214,169)
OTHER COMPREHENSIVE INCOME			
Disposal of investment property			
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	-

Consolidated Statement of Comprehensive Income - Continued

For The Year Ended 31 March 2022

	Notes	2022 £	2021 £
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(122,296)	(214,169)
Loss attributable to:			
Owners of the parent		(122,296)	(214,169)
Total comprehensive income attributable to:			
Owners of the parent		(122,296)	(214,169)
Earnings per share expressed in pence per share:	11		
Basic		-3.26	-5.70
Diluted		-3.26	-5.70

Consolidated Statement of Financial Position

For The Year Ended 31 March 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12		-		-
Investments	13		-		-
Investment property	14		2,750,000		3,215,000
			<u>2,750,000</u>		<u>3,215,000</u>
CURRENT ASSETS					
Debtors	15	42,107		3,421	
Cash at bank		949,249		651,357	
		<u>991,358</u>		<u>654,778</u>	
CREDITORS					
Amounts falling due within one year	16	25,155		25,281	
			<u>966,201</u>		<u>629,497</u>
NET CURRENT ASSETS					
			<u>966,201</u>		<u>629,497</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			3,716,201		3,844,497
CREDITORS					
Amounts falling due after more than one year	17		19,000		25,000
			<u>3,697,201</u>		<u>3,819,497</u>
NET ASSETS					
			<u>3,697,201</u>		<u>3,819,497</u>
CAPITAL AND RESERVES					
Called up share capital	22		187,754		187,754
Share premium	23		3,505,154		3,505,154
Fair value reserve	23		1,416,019		1,188,519
Retained earnings	23		(1,411,726)		(1,061,930)
			<u>3,697,201</u>		<u>3,819,497</u>
SHAREHOLDERS' FUNDS					
	25		<u>3,697,201</u>		<u>3,819,497</u>

Company Statement of Financial Position - Continued

For The Year Ended 31 March 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12		-		-
Investments	13		201		200
Investment property	14		2,750,201		3,215,000
			<u>2,750,201</u>		<u>3,215,200</u>
CURRENT ASSETS					
Debtors	15	43,200		3,200	
Cash at bank		948,761		650,869	
		<u>991,961</u>		<u>654,069</u>	
CREDITORS					
Amounts falling due within one year	16		<u>25,147</u>		<u>23,959</u>
NET CURRENT ASSETS			<u>966,814</u>		<u>630,110</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,717,015</u>		<u>3,845,310</u>
CREDITORS					
Amounts falling due after more than one year	17		<u>19,000</u>		<u>25,000</u>
NET ASSETS			<u>3,698,015</u>		<u>3,820,310</u>
CAPITAL AND RESERVES					
Called up share capital	22		187,754		187,754
Share premium	23		3,505,154		3,505,154
Fair value reserve	23		1,416,019		1,188,519
Retained earnings	23		(1,410,912)		(1,061,117)
SHAREHOLDERS' FUNDS	25		<u>3,698,015</u>		<u>3,820,310</u>
Company's profit/(loss) for the financial year:			<u>(122,295)</u>		<u>(214,168)</u>

Consolidated Statement of Changes in Equity

For The Year Ended 31 March 2022

	Called up share capital	Retained earnings	Share premium	Fair value reserve	Total equity
	£	£	£	£	£
BALANCE AT 1 APRIL 2020	187,754	(770,261)	3,505,154	1,111,019	4,033,666
Changes in equity					
Deficit for the year	-	(214,169)	-	-	(214,169)
Other comprehensive income	-	(77,500)	-	77,500	-
Total comprehensive income	-	(291,669)	-	77,500	(214,169)
BALANCE AT 31 MARCH 2021	187,754	(1,061,930)	3,505,154	1,188,519	3,819,497
Changes in equity					
Deficit for the year	-	(122,296)	-	-	(122,296)
Total comprehensive income	-	(122,296)	-	-	(122,296)
Transfer of non-distributable income	-	(227,500)	-	227,500	-
BALANCE AT 31 MARCH 2022	187,754	(1,411,726)	3,505,154	1,416,019	3,697,201

Company Statement of Changes in Equity - Continued

For The Year Ended 31 March 2022

	Called up share capital £	Retained earnings £	Share premium £	Fair value reserve £	Total equity £
BALANCE AT 1 APRIL 2020	187,754	(769,449)	3,505,154	1,111,019	4,034,478
Changes in equity					
Total comprehensive income	-	(291,668)	-	77,500	(214,168)
BALANCE AT 31 MARCH 2021	187,754	(1,061,117)	3,505,154	1,188,519	3,820,310
Changes in equity					
Total comprehensive income	-	(122,295)	-	-	(122,295)
Transfer of non-distributable income	-	(227,500)	-	227,500	-
BALANCE AT 31 MARCH 2022	187,754	(1,410,912)	3,505,154	1,416,019	3,698,015

Consolidated Statement of Cash Flows

For The Year Ended 31 March 2022

	Notes	2022 £	2021 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	1	(359,185)	(110,612)
Interest paid		(478)	(6,364)
Tax paid		(6)	-
Net cash from operating activities		(359,669)	(116,976)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of fixed asset investments		12,500	-
Sale of investment property		650,000	1,316,000
Interest received		61	27
Net cash from operating activities		662,561	1,316,027
CASH FLOWS FROM OPERATING ACTIVITIES			
New loans in year		-	30,000
Loan repayments in year		(5,000)	(600,000)
Net cash from operating activities		(5,000)	(570,000)
INCREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	2	651,357	22,306
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	2	949,249	651,357

Notes to the Consolidated Statement of Cash Flows - Continued

For The Year Ended 31 March 2022

1. Reconciliation of profit / (loss) before taxation to cash generated from operations

	2022	2021
	£	£
Loss before taxation	(122,279)	(214,169)
Depreciation charges	-	631
(Profit)/loss on disposal of fixed assets	(12,500)	59,000
Gain)/loss on revaluation of fixed assets	(185,000)	35,000
Finance costs	478	6,364
Finance income	(61)	(27)
	<u>(319,362)</u>	<u>(113,201)</u>
Increase)/decrease in trade and other debtors	(38,686)	1,068
Increase)/(decrease) in trade and other creditors	(1,137)	1,521
Cash generated from operations	<u>(359,185)</u>	<u>(110,612)</u>

2. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

YEAR ENDED 31 MARCH 2022

	31/3/22	1/4/21
	£	£
Cash and cash equivalents	<u>949,249</u>	<u>651,357</u>

YEAR ENDED 31 MARCH 2021

	31/3/21	1/4/20
	£	£
Cash and cash equivalents	<u>651,357</u>	<u>22,306</u>

3. Analysis of changes in net funds

	At 1/4/21	Cash flow	At 31/3/20
	£	£	£
NET CASH	<u>651,357</u>	<u>297,892</u>	<u>949,249</u>
Cash at bank	<u>651,357</u>	<u>297,892</u>	<u>949,249</u>
DEBT			
Debts falling due after 1 year	<u>(5,000)</u>	<u>(1,000)</u>	<u>(6,000)</u>
	<u>(25,000)</u>	<u>6,000</u>	<u>(19,000)</u>
	<u>(30,000)</u>	<u>5,000</u>	<u>(25,000)</u>
TOTAL	<u>621,357</u>	<u>302,892</u>	<u>924,249</u>

Notes to the Consolidated Financial Statements

For The Year Ended 31 March 2022

1. STATUTORY INFORMATION

Walls & Futures REIT Plc is a public company, registered in England and Wales. The company's registered number and registered office address can be found on the Company information page..

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The consolidated financial statements incorporate those of Walls & Futures REIT plc and all of its subsidiaries. Subsidiaries acquired during the year are consolidated using the purchase method. All financial statements are made up to 31 March 2022.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £122,279 (2021: loss £214,169).

Significant judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no estimates and assumptions which have had a significant risk of causing a material adjustment to the carrying amount of assets and liabilities

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The entity recognises revenue (the rendering of services) by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	Straight line over 3 years
Computer equipment	Straight line over 3 years

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

The entity reviews the carrying value's of its tangible fixed assets at each reporting date, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the estimated recoverable value of the asset is used to determine the extent of the impairment loss (if any).

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

3. ACCOUNTING POLICIES - Continued

Government grants

Grants relating to revenue are recognised as income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Financial instruments

The company has elected to apply the provisions of Section 11: 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities such as trade debtors and creditors.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors

Short term creditors are measured at the transaction price.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Currency

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

Going concern

After due consideration of the future cash flows of the Group, the directors are confident that the Group has sufficient financial resources to meet its obligations as a going concern for the foreseeable future, being more than 12 months from the date of approving the financial statements.

In reaching the conclusion, the directors have considered the working capital needs of the business. They have also considered a Special Resolution that is being put to the Annual General Meeting to change the REIT status of the Company. If this Resolution is rejected, a second Resolution will be put to wind the Company up. The directors have considered the expected outcomes and accordingly the financial statements have been prepared on the going concern basis

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Property valuations are an area of judgement and estimation uncertainty. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are those relating to the fair value of investment properties which are revalued annually by the directors having taken advice from the Group's independent external valuers.

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

5. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group. .
An analysis of turnover by class of business is given below

	2022	2021
	£	£
UK Property income	93,455	148,420
	<u>93,455</u>	<u>148,420</u>

6. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	91,333	108,000
Social security costs	5,466	7,375
	<u>96,799</u>	<u>115,375</u>

The average number of employees during the year was as follows:

	2022	2021
Management	<u>3</u>	<u>3</u>
Directors' remuneration	£ 91,333	£ 108,000

7. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	-	631
(Profit)/loss on disposal of fixed assets	(12,500)	59,000
Auditors' remuneration	<u>16,800</u>	<u>14,000</u>

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2020

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank loan interest	578	6,264
HMRC fines	(100)	(100)
	478	6,364

9. TAXATION

Analysis of the tax charge

The tax charge on profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	12	5
Tax on profit/(loss)	12	5

UK corporation tax was charged at 19%.

10. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.:

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

The company has 43,485 warrants in existence which are exercisable at £1 each on or before 30th September . 2022. Basic earnings per share is equal to diluted earnings per share because the warrants are anti-dilutive.

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

11. EARNINGS PER SHARE - Continued

	Earnings £	2022 Weighted average number of shares £	Per-share amount pence
BASIC EPS			
Earnings attributable to ordinary shareholders	(122,296)	3,755,086	-3.26
Effect of dilutive securities	-	-	-
DILUTED EPS			
Adjusted earnings	(214,169)	3,755,086	-3.26

	Earnings £	2021 Weighted average number of shares £	Per-share amount pence
BASIC EPS			
Earnings attributable to ordinary shareholders	(214,169))	3,755,086	-5.70
Effect of dilutive securities	-	-	-
DILUTED EPS			
Adjusted earnings	(214,169)	3,755,086	-5.70

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

12. TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2021 and 31 March 2022	<u>70</u>	<u>1,824</u>	<u>1,894</u>
DEPRECIATION			
At 1 April 2021 and 31 March 2022	<u>70</u>	<u>1,824</u>	<u>1,824</u>
NET BOOK VALUE			
At 31 March 2022	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2021	<u>-</u>	<u>-</u>	<u>-</u>

Company

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2021 and 31 March 2022	<u>70</u>	<u>1,824</u>	<u>1,894</u>
DEPRECIATION			
At 1 April 2021 and 31 March 2022	<u>70</u>	<u>1,824</u>	<u>1,894</u>
NET BOOK VALUE			
At 31 March 2022	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2021	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

13. FIXED ASSET INVESTMENTS

Company

	Unlisted investments
	£
COST	
At 1 April 2021	200
Additions	1
At 31 March 2022	<u>201</u>
NET BOOK VALUE	
At 31 March 2022	<u>201</u>
At 31 March 2021	<u>200</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following

Subsidiaries

Walls & Futures Ltd Registered office: 3rd Floor 111 Buckingham Palace Road,
London, SW1W 0SR Nature of business: Property Management

	%	31/3/21
	holding	£
Class of shares:		
Ordinary	100.00	
		31/3/22 31/3/21
		£ £
Aggregate capital and reserves		<u>(615)</u> <u>(615)</u>

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

Subsidiaries

Walls & Futures Ltd Registered office: 10-12 Mulberry Green,
Harlow, Essex, CM17 0ET Nature of business: Property Management

	%	31/3/21	£
Class of shares:	holding		
Ordinary	100.00		
		31/3/22	31/3/21
		£	£
Aggregate capital and reserves		(615)	(615)

Walls & Futures (LP) Ltd Registered office: 10-12 Mulberry Green,
Harlow, Essex, CM17 0ET Nature of business: Investment Company

	%	31/3/21	£
Class of shares:	holding		
Ordinary	100.00		
		31/3/22	31/3/21
		£	£
Aggregate capital and reserves		4	4

Walls & Futures (GP) Ltd Registered office: 10-12 Mulberry Green,
Harlow, Essex, CM17 0ET Nature of business: Investment Company

	%	31/3/21	£
Class of shares:	holding		
Ordinary	100.00		
		31/3/22	31/3/21
		£	£
Aggregate capital and reserves		1	1

Pax Homes Ltd Registered office: 10-12 Mulberry Green,
Harlow, Essex CM17 0ET Nature of business: Other letting and operating real estate

	%
Class of shares:	holding
Ordinary Shares	100.00

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

14. INVESTMENT PROPERTY

Group

	Total £
FAIR VALUE	
At 1 April 2021	3,215,000
Disposals	(650,000)
Revaluations	185,000
At 31 March 2022	2,750,000
NET BOOK VALUE	
At 31 March 2022	2,750,000
At 31 March 2021	3,215,000

The properties are valued at fair value. The valuation at the year end was carried out by H & W Property Valuers, professional valuers as at 31st March 2022. The valuations were undertaken in accordance with the requirements of FRS 102 and the RICS Valuation - Global Standards.

In the year there was an increase in the fair value by £227,500.

If investment property had not been revalued it would have been included at the following historical cost £1,333,981 (2021: £2,026,481).

Fair value at 31 March 2022 is represented by

	£
Valuation in 2022	1,416,019
Cost	1,333,981
	2,750,000

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

14. INVESTMENT PROPERTY - CONTINUED

Company

	Total £
FAIR VALUE	
At 1 April 2021	3,215,000
Disposals	(650,000)
Revaluations	<u>185,000</u>
At 31 March 2022	<u>2,750,000</u>
NET BOOK VALUE	
At 31 March 2022	<u>2,750,000</u>
At 31 March 2021	<u>3,215,000</u>

Fair value at 31 March 2022 is represented by

	£
Valuation in 2022	1,416,019
Cost	<u>1,333,981</u>
	<u>2,750,000</u>

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

14. INVESTMENT PROPERTY - CONTINUED

Company

If investment property had not been revalued it would have been included at the following historical cost:

	2022	2021
	£	£
Cost	1,333,981	2,026,481

Investment property was valued on a fair value basis on 31 March 2022 by H & W Property Valuers Ltd

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Other debtors	221	757	-	536
Amounts due from group company	-	1,314	1,314	1,314
Prepayments	41,886	1,350	41,886	1,350
	42,107	3,421	43,200	3,200

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans and overdrafts (see note 18)	6,000	5,000	6,000	5,000
Tax	177	166	177	166
Other creditors	9	8	1	-
Amounts due to group companies	-	1,314	-	-
Accrued expenses	18,969	18,793	18,969	18,793
	25,155	25,281	25,147	23,959

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2020

17. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans (see note 18)	19,000	25,000	19,000	25,000

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	6,000	5,000	6,000	5,000
Amounts falling due between one and two years:				
Bank loans - 1-2 years	6,000	5,000	6,000	5,000
Amounts falling due between two and five years				
Bank loans - 2-5 years	13,000	15,000	13,000	15,000
Amounts falling due in more than five years:				
Repayable by instalments	-	5,000	-	5,000
Bank loans repayable after more than five years	-	5,000	-	5,000

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Company

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	-	3,730
Current year expense £2,590 (2021: £3,730)		<u>3,730</u>

20. SECURED DEBTS

There is a floating credit facility of £600,000 that is not drawn down but is secured on 8 Westward Road.

21. FINANCIAL INSTRUMENTS

Group

	2022	2021
	£	£
Carrying amount of financial instruments		
Debt instruments measured at amortised cost	321	857
Carrying amount of financial liabilities		
Measured at amortised cost	18,969	18,794

Company

	2022	2021
	£	£
Carrying amount of financial instruments		
Debt instruments measured at amortised cost	-	536
Carrying amount of financial liabilities		
Measured at amortised cost	18,969	18,794

Consolidated Trading and Profit and Loss Account

For The Year Ended 31 March 2022

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal: value:	2022 £	2021 £
3,755,086	Ordinary Shares	5p	187,754	187,754

23. RESERVES

Group

	Retained earnings £	Share premium £	Fair value reserve £	Totalls £
At 1 April 2021	(1,061,930)	3,505,154	1,188,519	3,631,743
Profit for the year	(122,296)		-	(122,296)
Transfer of non-distributable income	(227,500)	-	227,500	-
At 31 March 2022	(1,411,726)	3,505,154	1,416,019	3,509,447

Company

	Retained earnings £	Share premium £	Fair value reserve £	Totalls £
At 1 April 2021	(1,061,117)	3,505,154	1,188,519	3,632,556
Profit for the year	(122,295)			(122,295)
Transfer of non-distributable income	(227,500)	-	227,500	-
At 31 March 2022	1,410,912)	3,505,154	1,416,019	3,510,261

Notes to the Consolidated Financial Statements - Continued

For The Year Ended 31 March 2022

24. RELATED PARTY DISCLOSURES

During the year, the group made payments of £Nil (2021: £2,587) to Wigmore Jones Limited, a company controlled by one of the directors, for the provision of residential lettings management services. Payments were made on a commercial basis and there were no balances outstanding at the year end.

There were payments made of £Nil (2021: £7,446) included in cost of sales as pass through costs paid to Wigmore Jones Limited. There were other payments made to Wigmore Jones Limited of £Nil (2021: £7,872) in fees for the sale of Durnsford Road and £3,975 (2021: £9,900) for the sale of Elsenham Street.

The private rental properties have now been sold so from 2022 there will be no ongoing cost commitment with Wigmore Jones Limited.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2022	2021
	£	£
Loss for the financial year	(122,296)	(214,169)
Cost of shares issued		
Premium on shares issued		
	<hr/>	<hr/>
Net addition to shareholders' funds	(122,296)	(214,169)
Opening shareholders' funds	3,819,497	4,033,666
Closing shareholders' funds	3,697,201	3,819,497

Company

	2022	2021
	£	£
Loss for the financial year	(122,295)	(214,168)
Cost of shares issued		
Premium on shares issued		
	<hr/>	<hr/>
Net addition to shareholders' funds	(122,295)	(214,168)
Opening shareholders' funds	3,820,310	4,034,478
Closing shareholders' funds	3,698,015	3,820,310

26. EXCEPTIONAL ITEM

During the year, the group was the subject of a hostile takeover and incurred £168,794 of legal and professional fees in defending this takeover bid.



Pax Home
c/o Walls & Futures REIT plc
Octagon Point , 5 Cheapside
London EC2V 6AA

Call **+44 (0)333 700 7171**
Email hello@wallsandfutures.com
Visit www.wallsandfutures.com
facebook.com/wallsandfutures
twitter.com/wallsandfutures