Pulford Trading Limited

Annual report and accounts

For the year ended 30 September 2020

Company Number 08349603

Contents

Financial highlights

for the year ended 30 September 2020

Compared to the previous year, Pulford's NAV increased from **£256.7m** to **£284.4m** and the NAV per share fell from **130.65p to 123.95p**, reflecting the impact of COVID-19.

Net fundraising during the period was **£42.1m**.

Cumulative Annualised NAV return since inception: **2.9%**

Pulford's portfolio was valued at **£287m** across 41 different holdings.

During the year over **£47m** was lent to businesses that develop and operate residential care homes and independent care apartments in the UK.

Corporate summary & investment objective

Corporate summary

Incorporated in February 2013, Pulford Trading Limited ("Pulford"), is a private limited company incorporated in the UK (registration number 08349603). As at 30 September 2020, Pulford had 229,090,780 ordinary shares of £0.01 in issue. Pulford carries out its trade through underlying businesses ("SPVs").

Pulford also holds an interest in a lending business, Bridging Trading LLP ("BTLLP"). BTLLP was incorporated in October 2010 and provides loans to businesses that qualify for business relief across a variety of asset backed and energy sectors.

Investment objective

Pulford aims to preserve capital and provide a steady return by pooling capital and trading in the asset backed sector, providing Business Relief for shareholders.

Pulford's focus on asset-backed investments helps to manage risk because in the event of a failure of a business, the value of the land and buildings should be recoverable (although not necessarily in full). In order to identify suitable investment opportunities, Pulford works with strong management teams across a variety of asset backed sectors, including care homes, hotels, and UK property development.

We feel that this is a time for caution with consumer-facing businesses such as pubs and hotels, and have been seeking to reduce Pulford's exposure in these sectors. We have seen continued good opportunities in care homes and in financing UK property development and have been increasing Pulford's exposure in these areas.

Portfolio analysis & breakdown

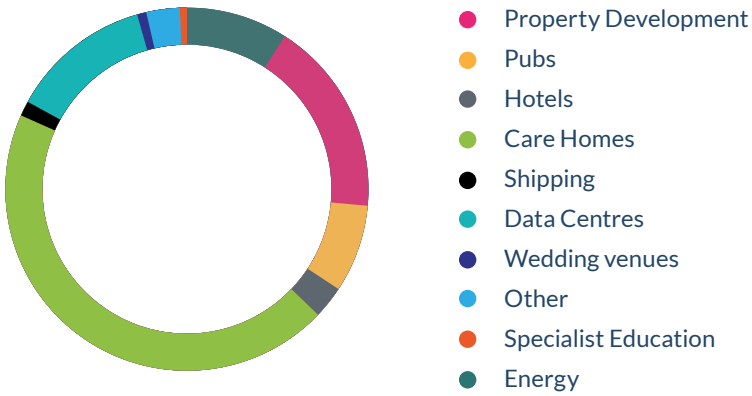
Pulford has a geographically diverse group of assets across different sectors.

At 30 September 2020, Pulford's portfolio was valued at £287m (of which £6m is disclosed in debtors) across 41 different holdings. The largest sector exposure being to care homes, followed by property development.

The portfolio valuation is the largest driver of net asset value, with cash, debt and other balance sheet items explaining the difference.

Through its interest in Bridging Trading LLP, Pulford also has an exposure to a portfolio of energy infrastructure loans. Pulford's exposure to energy- related loans has reduced in the year and is expected to reduce further in the current year, as a number of historic loans are repaid.

Portfolio value



Portfolio capital exposure

Detailed portfolio breakdown

Business	Sector	Equity/loan	Valuation £m
Haling Park Care LLP	Care Homes	Equity	127.84
Macc Care (Austin Rose & Shirley)	Care Homes	Loan	
Macc Care (Boldmere) Limited	Care Homes	Loan	
Macc Care (Stafford) Limited	Care Homes	Loan	
Macc Care (Studley) Limited	Care Homes	Loan	
Magnus Care Group Limited	Care Homes	Equity and loan	
Talis Care Limited	Care Homes	Equity and loan	
TenM Limited	Care Homes	Loan	
Trinity Craighall Care LLP	Care Homes	Equity	
GTP3 LLP	Data Centres	Equity and loan	36.14
Harlow Properties Limited	Data Centres	Loan	
Apex Energy Limited	Energy	Loan	26.05
Asgard Renewables Limited	Energy	Loan	
Corbiere Renewables Limited	Energy	Loan	
Indigo Generation Limited	Energy	Loan	
Ironhide Generation Limited	Energy	Loan	
Ixora Energy Limited	Energy	Loan	
Jito Trading Limited	Energy	Loan	
Magnus Assets One Limited	Energy	Loan	
Redstow Renewables Limited	Energy	Loan	
Rockhopper Renewables	Energy	Loan	
Yamuna Renewables Limited	Energy	Loan	
Dunkeld House Hotel LLP	Hotels	Equity	8.46
Humber Hotel (Grimsby) LLP	Hotels	Equity and loan	
St Chad's Birmingham Holdings Limited	Hotels	Equity and loan	
Bridging Trading LLP	Other	Equity	8.76
Brimstone Life Holdings Limited	Property Development	Equity and loan	50.12
Downing Development Finance Limited	Property Development	Equity and loan	
Skipper Life Holdings	Property Development	Equity	
Autumn Pubs Limited	Pubs	Equity	22.39
Barts Pub Limited	Pubs	Loan	
Gregarious Limited	Pubs	Loan	
Grosvenor Pubs Limited	Pubs	Loan	
HB SP LLP	Pubs	Equity and loan	
Maida Vale Leisure Limited	Pubs	Loan	
Ormsborough Limited	Pubs	Loan	
PSTL Topco Limited	Pubs	Equity and loan	
Anker Shipping Limited	Shipping	Equity and loan	3.79
Bridges Care & Education Limited	Specialist Education	Equity and loan	1.43
Hedley James Limited	Wedding venues	Loan	2.30
Pelham House Lewes Limited	Wedding venues	Equity and loan	
Total			**£287.28m**

Trading report

Key investment metrics

	30 September 2020	30 September 2019
NAV	£284,399,525	£256,748,541
NAV per share	£1.24	£1.31
Annual total NAV return	-4.98%	1.47%
Cumulative annualised NAV return	2.87 %	4.12%
(Loss)/profit after tax for the year	(£14,433,000)	£3,280,000

Portfolio summary

As at 30 September 2020, Pulford held a diverse portfolio of asset-backed businesses, including care homes, property developments and data centres, which accounted for approximately 75% by value of the portfolio at that date. Through its interest in Bridging Trading LLP, Pulford also has an exposure of less than 10% by value to a portfolio of energy infrastructure loans. This exposure is lower than the previous year end and has reduced further since 30 September 2020 as a number of historic loans are repaid.

Pulford's portfolio decreased in value by £8.7m over the financial year as the impact of the COVID-19 pandemic was felt. This particularly impacted Pulford's hospitality businesses, which have been subject to restrictions on their trade at various times since March 2020. Whilst there were positive returns from the care home and property development sectors, there were reductions in value in the hotel, pub, shipping and wedding venue sectors.

Aside from the impact of COVID-19, Pulford's overall performance was also adversely impacted by a £10.2m impairment in relation to a hotel development project in Birmingham following the failure of the main contractor in June 2019. Whilst options were explored to complete the development with a project manager, the revised costs to complete deemed it uneconomical to continue with the full build out of the hotel and the property was sold in July 2020 for £1.5m.

Acquisitions and disposals

A further £71m of capital was deployed by Pulford during the financial year to new opportunities and £25m of disposals were made over the same period. £37m of capital was contributed to Bridging Trading LLP during the year, which over the period lent £24m to various care home developments with Macc Care Group Limited and £18m to Talis Care Limited, which is also developing a portfolio of care homes. Further details of Pulford's portfolio of care homes can be found later in this report. In September 2020 Pulford also acquired a portfolio of property development loans for £7.3m.

During the year, Pulford also deployed £1.4m into the development of a new Special educational needs school (SEN) in Taunton, Somerset. This is a new sector for Pulford and is likely to grow in importance in the future. The SEN sector is a resilient growth market with a shortage of high-quality provision and high barriers to entry. It is bolstered by long-term trends, such as student population growth, a better understanding and diagnosis of SEN, positive regulatory developments and increasing rates of mental health issues in children.

The school opened in September 2020, with 22 students on roll and breaking-even 12 months ahead of the business plan. In the first 6 months of operations, the school has outperformed its financial and occupancy targets and is achieving higher than budgeted average fee rates. Another site was acquired in Devon in February 2021 and a third in Warminster is expected in Q3 2021.

Disposals consisted of a mixed-use property development in Tooting which sold, at a profit, for £4.8m in late 2019. In addition to this, just under £25m of property development loans were successfully repaid by borrowers in Pulford's wholly owned subsidiary, Downing Development Finance plc, which makes loans to UK property developers.

Market developments

Care homes

Shortly after the onset of Covid-19, there was a general increase in demand for elderly residential care home beds, particularly from local authorities and the NHS. This helped to create some buffer against the expected headwinds of higher than normal mortality rates, reduced demand from the private pay market, plus increased costs associated with higher staff absence and personal protective equipment.

Although occupancy levels have held up reasonably well, individual care homes have had varied experiences since the onset of the pandemic. In order to protect care home staff and residents, regular monitoring of the take up of Covid-19 vaccinations continues to be provided by management teams. Where instances of Covid-19 have occurred within the care home settings, management teams have been able to bring those outbreaks under control. Although further short-term volatility may remain within the sector, the modern, purpose-built care homes are needs driven businesses set against the backdrop of an ageing population base within the UK. Therefore, we expect the medium to long term outlook for the care homes to remain strong.

UK property development

Despite the ongoing restrictions as a result of the COVID-19 pandemic, the property loan portfolio has held up well, with the structural undersupply of housing in the UK remaining unchanged by the pandemic. Developers have been able to complete and sell housing stock in order to make loan repayments. Some loans in the portfolio may require further restructuring, but the Directors are comfortable with the level of risk in the portfolio and have recommenced origination activities.

With COVID-19 vaccines now being rolled out, the Directors are cautiously optimistic as 2021 progresses but downside risk remains as the government support schemes are unwound and until the effectiveness of the vaccination programme is known. The impact from changes to the Help to Buy scheme and stamp duty incentives are also not fully known at this stage and it remains to be seen if there will be a long-term shift away from city living to suburban or rural locations. The appeal of larger, cheaper homes and more open space may be offset by poorer transport links, amenities and mobile/broadband connectivity.

Hospitality

As mentioned above, the Covid-19 pandemic has had a significant impact on Pulford's hospitality businesses, which include hotels, pubs and wedding venues. Lockdowns and capacity limits imposed on venues at various times mean they have been unable to fully trade, and these businesses have utilised government support where available.

Pulford's wedding business in Lewes, East Sussex has faced these challenges during 2020. The management team reacted quickly at the beginning of the pandemic, furloughing staff, implementing a board approved weekly payment process and managing the rebooking of 115 weddings due to take place during the lockdown and/or capacity limit period. The business now has a strong bookings pipeline with 146 confirmed weddings booked to December 2022, expected to generate revenues of £1.9m. It remains difficult to predict how the wider market will be impacted by the pandemic, though hospitality assets valuation multiples are likely to drop and business failures may rise as government support measures come to an end.

Revolving credit facilities

Pulford's lending partner, Bridging Trading LLP (BTLLP), has a Revolving Credit Facility (RCF) in place with a commercial bank. This was extended on 15 September 2020 for a further three years. As at 30 September 2020, the facility was undrawn.

The RCF provides BTLLP with the flexibility to manage investment pipeline opportunities and provides a mechanism to generate a more effective capital structure. This is a useful source of liquidity and removes the need to keep high levels of cash on the balance sheet.

Downing bonds

Downing LLP offers a fixed-interest bond product, which provides financing to businesses by raising contributions from a large number of retail investors through an online platform.

The bonds act as an alternative source of finance for Pulford with a younger and non tax incentivised investor base.

As at 30 September 2020, Pulford had £5.1m of outstanding bonds at an average annual interest rate of 3.4%.

Portfolio performance

Care homes

Pulford earned a return of approximately £9.5m over the year from its portfolio of care homes, which now has a capacity of 1,750 beds across the UK. Downing continues to work closely with the operators of care homes to identify new acquisitions and five new homes have been added to the portfolio in the year and funding put in place to support three new developments.

In the year, COVID-19 placed an enormous strain on the healthcare sector and elderly residential care home operators in particular. These challenges included: increased mortality rates from virus outbreaks; staffing shortages (both because of infection and isolation); infection control and prevention measures; whilst also having to provide high quality care and support to residents and their families when social distancing measures kept them apart. Management teams have adapted quickly and responded well to these challenges. Whilst the pandemic has generally delayed the businesses in pursuing their business plan objectives, we have been encouraged by the ability of the operators to continue to grow occupancy throughout the pandemic.

Pubs

Pulford held interests in a total of 34 pubs across the UK at 30 September 2020. The largest estate is a portfolio of 13 pubs in the East Midlands, located along the M1 corridor between Derby and Sheffield. The impact of COVID-19 has meant that Pulford suffered a loss in value of £4.7m over the year as forced closures and restrictions upon trade reduced valuations across the whole of the portfolio. Now that pubs are beginning to reopen the outlook is more positive provided there are no further waves of COVID-19.

Hotels

As mentioned above, Pulford's return from the hotel sector this year has been severely impacted by a £10.2m impairment in relation to a hotel development project in Birmingham following the failure of the main contractor in June 2019, following which the site was sold in July 2020 for £1.5m. Pulford also has interests in two hotels, one in Perthshire and one in Lincolnshire. As with other hospitality businesses, these have both suffered COVID restrictions at various times with total valuation reductions over the year of approximately £1.3m.

Data centres

Through its participation in Bridging Trading, Pulford also has an interest in loans to two data centres, one in Essex and one in Birmingham. Both centres are operational, and whilst the one in Essex is performing well, a sale of the Birmingham business is being sought. Pulford suffered a £2.2m impairment in the year as the value of the Birmingham business was adjusted to reflect sale expectations in the current market.

UK property development

Bridging Trading has also made further loans to Downing Development Finance plc ("DDF"), a business that provides short to medium term loans to UK property developers. The residential development market has been impacted by Covid-19. However, as lockdown restrictions have gradually eased the level of activity on construction sites has increased and the loan portfolio has continued to expand. Pulford's return over the year from DDF was approximately £3.1m. At 30 September 2020, DDF's drawn loan book stood at £61m across 34 different developments, with an estimated weighted average loan to gross development value of 65%.

Shipping

Pulford has an interest in the MV Saturn, a feeder container ship which has the capacity to carry up to 1,350 containers. The impact of COVID-19 on the shipping sector was significant, and as container trade is significantly exposed to the world economy, charter rates fell as supply exceeded demand and many vessels became idle. The Saturn's charter was not renewed beyond May 2020, and as a result of this and some urgent engine repairs which were required, Pulford suffered a valuation reduction of £3.7m during the year. Since then container trade has begun to recover, and the Saturn has been recently able to secure a charter at a competitive rate.

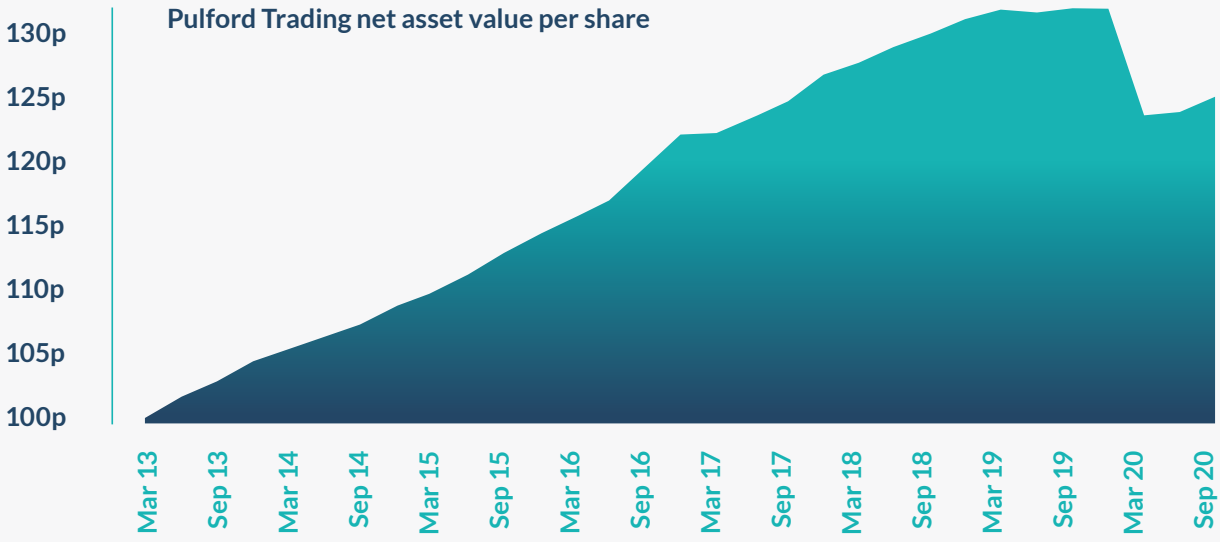
Wedding venues

Pulford holds an interest in two exclusive-use wedding venues. One in the centre of Lewes, East Sussex and the other near Newmarket, Cambridgeshire. COVID-19 has had a substantial impact on wedding venues, with lockdowns and capacity limits imposed on venues meaning they have been unable to operate on an unrestricted basis for over 12 months. As a result, Pulford suffered a £1.5m valuation reduction in the year from this sector.

Other sectors

During the year, Pulford invested £1.4m into the development of a new special educational needs school in Somerset. This is a new sector for Pulford and is likely to grow in importance in the future. Through its investment in Bridging Trading, Pulford has exposure to a portfolio of energy infrastructure loans, which is gradually reducing over time as historic loans are repaid. The impact of COVID-19 on this energy portfolio was predominantly felt through the reduction in short and long-term power prices, which led to a reduction in value in Pulford of approximately £1m in the year, although it has recovered since then.

In the **12 months** to **30 September 2020**, the NAV per share for Pulford decreased from **130.6** to **124.1** pence per share.



Company valuation

Valuation Movements

During the period, Pulford's NAV increased from £256.7m to £284.4m, and the NAV per share fell from 130.65p to 123.95p.

The main drivers of the reduction in the NAV per share was the impact of the COVID-19 pandemic on the underlying businesses in the portfolio that Pulford have invested in and also because of the failure of the main contractor to a hotel development project in Birmingham.

Care Homes

The total value of the Care Homes portfolio increased by £9.5m (4.41p) during the year. Though the pandemic generally delayed the businesses in pursuing several of their business plan objectives, five new homes have been added to the portfolio and the total portfolio now has increased its capacity to 1,750 beds.

Pubs

The impact of COVID-19 has meant that Pulford suffered a loss in value of £4.7m (2.16p) over the year. Forced closures and restrictions has meant that these businesses have not been able to fully trade and consequently resulted in a reduction in valuations across the whole of the portfolio.

Hotels

The total value of the hotel portfolio dropped by £11.5m (5.34p) in the year. This is a result of the combined impact of restrictions to trading caused by the pandemic and a £10.2m impairment relating to a failure of the main contractor to a hotel development project in Birmingham.

Data Centres

Pulford suffered a £2.2m (1.02p) impairment in the year. This was driven by the drop in value of a data centre in Birmingham, which though operational is behind plan, and was revalued to reflect an achievable sales price.

UK Property Development

The return from the UK Property Development portfolio was £3.5m (1.61p) during the year. Despite COVID-19 restrictions, construction has continued and sales have been achieved. The property portfolio has generally held up well because of the structural undersupply of housing in the UK remaining unchanged.

Shipping

Pulford suffered a valuation reduction of £3.7m (1.71p) during the year. Being exposed significantly to the drop in world economy and international trade, the shipping sector experienced a considerable downturn in the year. The impact of this as well as costs associated with urgent engine repairs resulted in this reduction.

Wedding Venues

The impact of COVID-19 restrictions has meant that Pulford suffered a £1.5m (0.68p) valuation reduction in the year. The pandemic has resulted in wedding venues being closed for a large proportion of the year and, when not closed, weddings that have been allowed to take place have had to do so with significant restrictions in place, such as reduced guest numbers.

Profit, interest received & other holdings

There has been an uplift of £1.8m (0.84p) for the year. This relates primarily to Pulford's interest in loans it holds via Bridging Trading LLP ("BT LLP").

Expenses and interest paid

Expenses and interest paid totals £5.7m (2.63p). Expenses mainly consist of the company's service fees, legal & professional fees and bank fees. These fees are in line with expectations for the year ending 30 September 2020. Interest is the amount paid and accrued on Pulford's Crowd Bond debt. As at 30 September 2020, Pulford had £5.1m of outstanding bonds at an average annual interest rate of 3.4%.

Fundraising

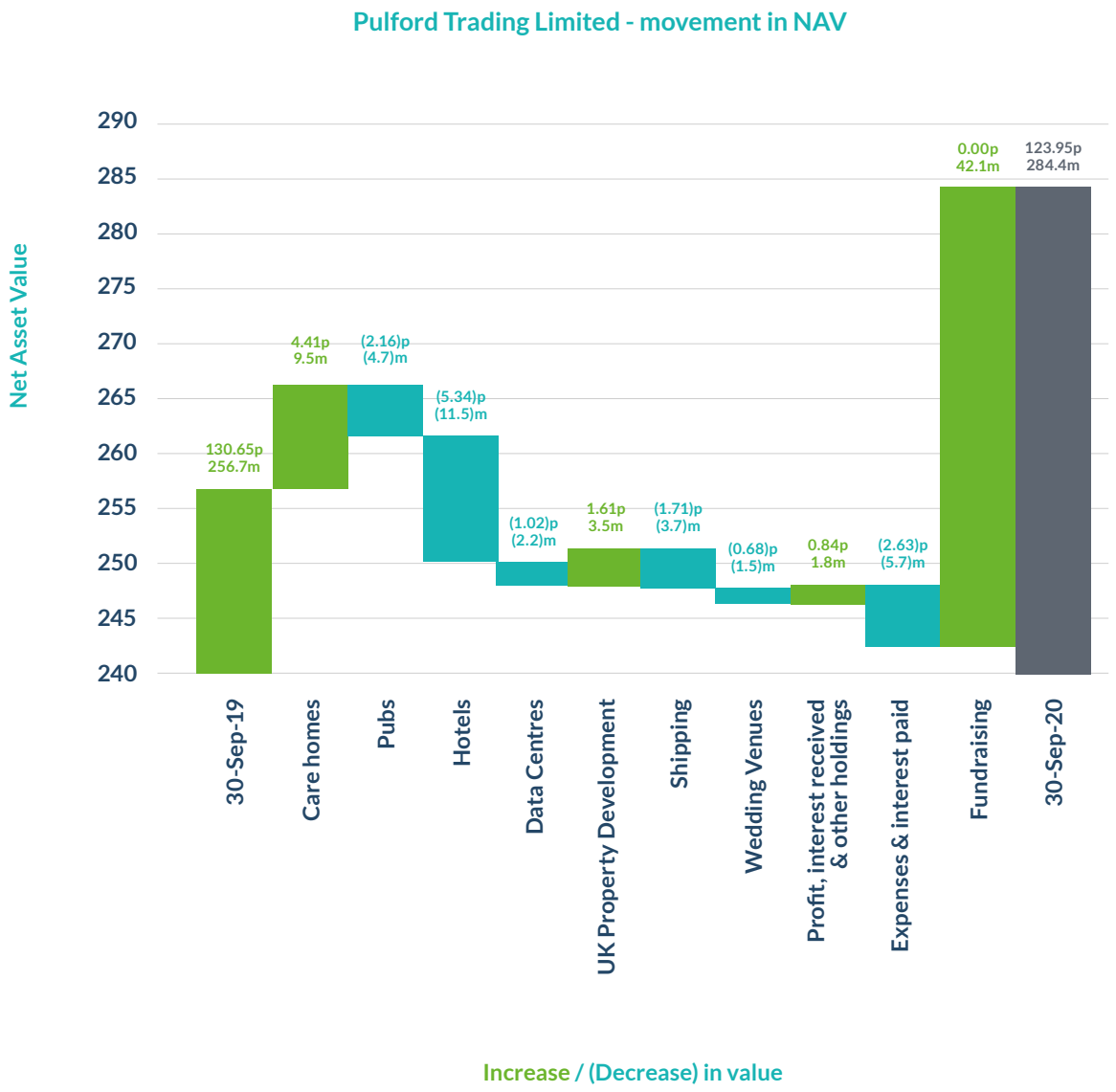
During the year ending 30 September 2020, Pulford increased capital by £42.1m net of redemptions. This takes the total equity raised, net of redemptions, to £273m. The issuance of new shares has no material impact on Pulford's NAV.

Outlook

Increased concentration is expected in care homes, as Pulford takes advantage of attractive opportunities in this sector. A number of property loans were assigned to funds managed by a third party in November 2020. Pulford's exposure to property development lending is expected to increase again as Pulford takes advantage of attractive opportunities in this sector as the economy reopens following the pandemic. Pulford is also seeking out alternative sectors in order to provide more diversification over time.

A new secured lending business, called Downing Wholesale Finance Limited, started after the year end. Downing Wholesale Finance Limited is a wholly owned subsidiary of Pulford and lends to UK finance companies in turn lending to UK SME's. These loans are secured against blocks of underlying hire purchase/lease agreements that are made between the finance companies and their customers.

As previously discussed, the reporting year was dominated by the impact of the COVID-19 pandemic. Although challenges remain, Pulford is well placed to continue the recovery from the impact of COVID-19. Strong operational performance continues to underpin that recovery, illustrated by a 3.1 pence per share NAV increase during the fourth quarter of 2020. In addition during June 2021, Pulford profitably disposed of a portfolio of 8 care homes to an institutional investor, generating over £80m for Pulford and its subsidiaries.


Pulford Trading Limited - movement in NAV
Net Asset Value
290
285
280
275
270
265
260
255
250
245
240
130.65p
256.7m
4.41p
9.5m
(2.16)p
(4.7)m
(5.34)p
(11.5)m
(1.02)p
(2.2)m
1.61p
3.5m
(1.71)p
(3.7)m
(0.68)p
(1.5)m
0.84p
1.8m
(2.63)p
(5.7)m
0.00p
42.1m
123.95p
284.4m
30-Sep-19
Care homes
Pubs
Hotels
Data Centres
UK Property Development
Shipping
Wedding Venues
Profit, interest received & other holdings
Expenses & interest paid
Fundraising
30-Sep-20
Increase / (Decrease) in value

Our approach to ESG

Choosing an asset manager

We have selected an asset manager that is committed to embedding responsible investment considerations as part of their normal business operations.

As we delegate the day to day management of our portfolio to a professional asset manager, it is vital that they share our commitment to ESG integration. We have been encouraged by Downing's progress in this area to date and the commitment at a senior level to ESG.

This is evidenced by their work towards becoming a B-Corporation and their aspiration to become a signatory to the FRC Stewardship Code, which now incorporates environmental and social factors. This, alongside the firm's PRI report which will be published in 2021 will help us assess the success of their ESG integration and ability to responsibly manage our assets to create long-term, sustainable value and have a positive impact on society and the economy.

Principles of Responsible Asset Management

Our expectation is that three key principles of integration, influence and disclosure should underpin their approach, and that the manager should be focused on continuous improvement over time.

1. Integration

To meet our expectations, the manager should establish a responsible investment system throughout the life-cycle of our investments. This should be set out with due consideration of (amongst others) the PRI's six principles, the BVCA's RI Framework, Investment Association Guidelines, GRESB criteria and in due course the NPC's Impact Risk Classification.

Where any ESG issues are identified Key Performance Indicators should be established and monitored, with regular reporting on progress. The asset manager should effectively act as stewards on our behalf and ultimately on behalf of our shareholders.

We expect active engagement by the asset manager both with the portfolio of assets under management but also, where appropriate, in the development of policies relating to our investment sectors.

2. Influence

Through active ownership, we will endeavour to engage and assist individual businesses manage ESG risks and opportunities better than their competitors to create value and a competitive advantage, while promoting positive benefits to society and the environment.

At a minimum, all our portfolio companies will be required to comply with all laws and regulations.

3. Disclosure

We will seek appropriate monitoring and disclosure of ESG matters by investees so that we have a better understanding of what we are investing into and its performance against any ESG initiatives we decide to implement.

We believe trust, respect and transparency to be the basis of our long-lasting relationships. Therefore, we will aim to provide clear, honest and transparent reporting and other relevant communications on ESG matters affecting us and/or our investments, where this is required by our investors and other stakeholders.

We will further distribute this Policy to our investee companies and their employees and expect them to consider it when choosing us as an investor.

4. Integrity

Integrity is one of our core company values. We define ourselves as sincere and fair and all partners are expected to conduct themselves in such manner when integrating our Responsible Investment System.

5. Continual improvement

We are encouraged by the growing momentum and developments in the Responsible Investment and ESG areas and continue to look forward to working with the investment community to develop sustainable ways of conducting business and leading by example.

Management commitment

To ensure our asset manager is fully aligned with our ESG approach, and that the right decisions are being made day to day, their executive should be committed to providing all necessary training and resources to ensure appropriate implementation by all members of the team.

We also seek alignment of their senior management via targets and objectives relating to the environmental and social performance of the assets under management. Furthermore we expect this to influence their compensation going forward.

Board of directors

During most of the year, Pulford has had two independent non-executive directors. Both directors were appointed on 31 March 2017. On 30 September 2020 Dennis Hallahane resigned as a non-executive director. On 28 September 2020 Andy Powell was appointed as a non-executive director.

The directors hold board meetings at least quarterly and liaise with the investment manager regarding potential opportunities on an ongoing basis.

Andy Powell

Andy began his career in KPMG's insolvency business before joining corporate finance at PwC working across UK and continental Europe. He then ran the London debt and equity investment business at HBOS (subsequently Lloyds Bank) before co-founding, Caird Capital, a £500m spin-out business with backing from Coller Capital.

After a period of private investments at the family office, Caledonia Investments plc, Andy became managing partner at Rutland Partners. He is now a serial non executive and adviser whose recent projects have included Woodall Nicholson Group and Pizza Hut UK. He was appointed chairman of Pulford Trading on 28 September 2020.

Peter Roscrow

Peter is a Chartered Accountant and worked for 19 years in the UK investment management industry at Close Brothers Group, a leading independent merchant bank. As a divisional director at Close Brothers, he created a property fund management business that ultimately had over £1 billion of funds under management. After leaving Close Brothers in 2008 Peter formed his own management consultancy company. He has also been involved as a director, trustee or adviser to several charities including housing associations. Peter is currently a trustee of the National AIDS Trust.

Directors' report

The directors present their report and the financial statements for the year ended 30 September 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 of the profit or loss of the Company for that period.

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

Select suitable accounting policies for the Company's financial statements and then apply them consistently;

make judgments and accounting estimates that are reasonable and prudent;

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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Principal activity

The Company's principal activities during the year included property development, the operation of a portfolio of care homes, and making loans through its membership of various trading LLPs.

Directors

The directors who served during the year were:

D Hallahane (resigned 30 September 2020)
P Roscrow
A Powell (appointed 28 September 2020)
C Corbally

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

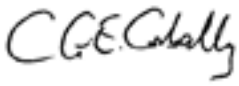
Auditors

The auditors, Lubbock Fine, will be deemed to have been reappointed as auditors under section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



C Corbally
Director

Date: 29 June 2021

Pulford Trading Limited

Independent auditors' report to the members of Pulford Trading Limited

Opinion

We have audited the financial statements of Pulford Trading Limited (the 'Company') for the year ended 30 September 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 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 Company's affairs as at 30 September 2020 and of its loss 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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:

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; or

the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 24, 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.

Auditors' responsibilities for the audit of the financial statements

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

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 Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Matthew Green ***(Senior Statutory Auditor)***
for and on behalf of Lubbock Fine LLP
Chartered Accountants & Statutory Auditors

Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 29 June 2021

Statement of comprehensive income

For the year ended 30 September 2020

	2020	2019
	£000	£000
Share of trading partnership profit	6,093	9,159
Administrative expenses	(5,389)	(4,323)
Operating Profit	**704**	**4,836**
Return on interests in trading partnerships	3,640	3,492
Impairments of interests in trading partnerships	(12,415)	(7,274)
Fair value movements on interests in trading partnerships	(6,070)	2,553
Interest payable and expenses	(268)	(321)
(Loss)/profit before tax	**(14,409)**	**3,286**
Tax on (loss)/profit	(24)	(6)
(Loss)/profit for the financial year	**(14,433)**	**3,280**

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 32 to 37 form part of these financial statements.

Company Number 08349603

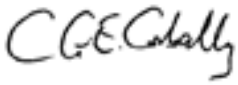
Balance sheet

As at 30 September 2020

Fixed assets	Note	2020	2019
		£000	£000
Interests in trading partnerships and subsidiaries	4	281,289	254,252
		281,289	**254,252**
Current assets			
Debtors: amounts falling due within one year	5	10,309	12,846
Cash at bank and in hand	6	4	6
		10,313	**12,852**
Creditors: amounts falling due within one year	7	(7,202)	(10,356)
Net current assets		**3,111**	**2,496**
Total assets less current liabilities		284,400	256,748
Net assets		**284,400**	**256,748**
Capital and reserves			
Called up share capital	8	2,291	1,965
Share premium account		271,144	228,906
Revaluation reserve		5,893	11,963
Capital redemption reserve		4	-
Profit and loss account		5,068	13,914
		284,400	**256,748**

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C Corbally
Director

Date: 29 June 2021

The notes on pages 32 to 37 form part of these financial statements.

Statement of changes in equity

For the year ended 30 September 2020

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2018	1,639	186,832	-	9,410	13,187	211,068
Comprehensive income for the year						
Profit for the year	-	-	-	-	3,280	3,280
Contributions by and distributions to owners						
Shares issued during the year	326	42,074	-	-	-	42,400
Transfer to the revaluation reserve	-	-	-	2,553	(2,553)	-
At 1 October 2019	**1,965**	**228,906**	**-**	**11,963**	**13,914**	**256,748**
Comprehensive income for the year						
Loss for the year	-	-	-	-	(14,433)	(14,433)
Contributions by and distributions to owners						
Purchase of own shares	-	-	4	-	(483)	(479)
Shares issued during the year	326	42,238	-	-	-	42,564
Transfer to the revaluation reserve	-	-	-	(6,070)	6,070	-
At 30 September 2020	**2,291**	**271,144**	**4**	**5,893**	**5,068**	**284,400**

The notes on pages 32 to 37 form part of these financial statements.

Notes to the financial statements

For the year ended 30 September 2020

1.General information

Pulford Trading Limited is a private company limited by shares incorporated in England and Wales. Its registered office and principal place of business is 6th Floor St Magnus House, 3 Lower Thames Street, London, EC3R 6HD.

2.Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Interests in trading partnerships income

Income from trading partnership interests is described within the accounts as share of trading partnership profits, and is recognised once allocated to the partnership.

Returns from interests in trading partnerships in respect of priority returns are recognised as income in the profit and loss account if received during the year. Where priority returns are accrued but not received during the year, they are recognised, together with any corresponding impairments, as a movement in the fair value of the investment through the profit and loss account and recognised in the Statement of Comprehensive Income.

2.3 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Interest income

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

2.6 Taxation

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

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

2.7 Interests in trading partnerships valuation

Interests in trading partnerships are measured at fair value and managed in accordance with the Company's documented policies. The valuation of a partnership upon acquisition is initially deemed to be cost and is measured subsequently at fair value. Fair value movements in the valuation of a partnership are taken to the profit and loss account and recognised in the Statement of Comprehensive Income. Any unrealised gains or losses at the balance sheet date are transferred to the revaluation reserve in the Statement of Changes in Equity.

2.8 Debtors

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

2.9 Cash and cash equivalents

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

2.10 Creditors

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

2.11 Financial instruments

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

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment.

If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

3. Employees

The average monthly number of employees, including directors, during the year was 3 (2019-3).

4. Interests in trading partnerships and subsidiaries

Cost	Interests in subsidiary companies	Unlisted interests in trading partnerships	Total
	£000	£000	£000
At 1 October 2019	12,770	229,519	242,289
Additions	690	69,981	70,671
Disposals	-	(25,149)	(25,149)
Impairments	(10,220)	(2,195)	(12,415)
At 30 September 2020	**3,240**	**272,156**	**275,396**
Revaluation			
At 1 October 2019	-	11,963	11,963
Revaluation of equity participations	100	(6,170)	(6,070)
At 30 September 2020	**100**	**5,793**	**5,893**
Net book value			
At 30 September 2020	**3,340**	**277,949**	**281,289**
At 30 September 2019	**12,770**	**241,482**	**254,252**

5. Debtors

	2020	2019
	£000	£000
Other debtors	9,964	12,846
Prepayments and accrued income	345	-
	10,309	**12,846**

6. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	4	6

7. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Other loans	5,116	8,429
Corporation tax	324	550
Other creditors	273	16
Accruals and deferred income	1,489	1,361
	7,202	10,356

8. Share capital

	2020	2019
Allotted, called up and fully paid	£000	£000
229,090,780 (2019 - 196,519,065) Ordinary shares of £0.01 each	2,291	1,965

During the year the Company issued 32,961,853 (2019 - 32,595,797) shares at an average price of 130.8 (2019 - 131.7) pence per share.

The company also repurchased 390,138 shares for cancellation at an average price of 124.0 pence per share.

10. Related party transactions

During the year, service fees of £4,890,628 (2019 - £4,223,493) (inclusive of VAT) were payable to the fund manager of the Company. Included within creditors as at 30 September 2020 was an amount of £1,254,709 (2019 - £1,151,297) due to the fund manager in respect of service fees.

Bond monitoring fees of £71,055 (2019 £87,801 were payable to the fund manager of the Company. Included within creditors is £35,720 (2019 - £113,950) due to the fund manager in respect of bond monitoring fees. A further amount of £222,509 (2019 £nil) was recharged in the year for expenditure incurred on behalf of the Company. This amount was outstanding at the year end.

During the year the Company contributed £37,478,849 (2019 - £57,270,393) to a partnership managed by the fund manager. At the balance sheet date the Company had an interest of £226,325,864 (2019 - £188,847,015) in this partnership.

11.Post balance sheet events

The reporting year was dominated by the impact of the COVID-19 pandemic. Although challenges remain, Pulford is well placed to continue the recovery from the impact of COVID-19. This is illustrated by a NAV increase of 3.1 pence per share during the fourth quarter of 2020. In addition during June 2021, Pulford profitably disposed of a portfolio of 8 care homes to an institutional investor, generating over £80m for Pulford and its subsidiaries.

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