

RNS Number : 3316B
Dukemount Capital PLC
29 January 2020

Dukemount Capital PLC
29 January 2020

29 January 2020

Dukemount Capital Plc
("Dukemount" or "the Company")

Interim Results

Dukemount Capital Plc (LSE: DKE) is pleased to announce its unaudited interim results for the six months ended 31 October 2019 ("the Interim Report").

Highlights

Operational Development

- Refurbishment of Wavertree property under way
- Demolition completed and development of West Derby Road property underway

Geoffrey Dart commented:

"Progress continues on our two projects in North West England allowing us to investigate further projects we are being presented with. To that end, the board is actively engaged in talks with a number of universities, medical institutions, financial institutions and property owners.

Our business model allows us the flexibility to monetise our projects in different ways as I hope our first two deals have shown. Both were pre-leased to housing associations then forward funded by financial institutions.

Throughout the period, the company has been busy working with our consultants and several interested parties with regards to expanding our focus on larger deals, allowing us to take advantage of the forward funding model that we have used with the first two projects. As the year progresses, I look forward to updating shareholders on further projects using our flexible business model and proof of concept deliverability."

For further information, please visit www.dukemountcapitalplc.com or contact:

Dukemount Capital Plc
Geoffrey Dart

Via St Swithins PR

St Swithins PR (Media and Investor Enquiries)
Gary Middleton

Tel: +44 (0) 1732 521132

gary@swithins.com

Peterhouse Capital Limited
Lucy Williams/Duncan Vasey

Tel: +44 (0) 207 469 0930

Interim Management Report

I hereby present the Interim Report for the six months ended 31 October 2019. During the period the Company made a loss of £82,469 (six months to 31 October 2018: loss of £184,806). As at the date of this report the Group has approximately £290,025 of cash balances.

The Wavertree project involves the refurbishment of a large residential property to the requirements of a housing association in the supported living sector which has signed a long, inflation-linked agreement-to-lease. At the request of the housing association, plans for extending the property for further accommodation were made and planning permission was granted for a slight extension to the building. Practical completion is currently scheduled for March 2020.

West Derby Road, which was the Company's first project, involved the demolition of a large existing building in Liverpool and the development of a purpose built residential and retail building. The new building is being developed to the specifications of a housing association in the supported living sector which has signed a long, inflation-linked agreement-to-lease and includes 17 apartments as well as 3,200 square feet of retail space. Demolition of the existing building was completed in 2019 and construction of the new building is going well, with practical completion expected in August 2020.

The Company manages the projects using monthly drawdowns from the forward funding. Profits made will be reflected in the results which follow completion.

Both these projects have been used as proof of concept where each project has been pre-leased and forward funded. They also represent the validation of the Company's model of developing long dated income projects, giving the Company the ability to consider much larger deals using the same de-risking business model, though alternative models may be considered in the future.

With these two projects in development, the board has been investigating expanding its long-dated income offering to institutions and widening our focus within the property sector with the addition of health/extra care (Dementia), independent retirement living, university development and student accommodation. We will not be the operator of these properties, they will be leased and/or managed by a third party with the appropriate credit worthiness, expertise and experience. We are currently in talks with universities who offer nursing degrees and are seeking to develop university buildings, student accommodation, extra care and independent retirement living. These talks could potentially offer a significant uplift in the size of project that Dukemount could be working on, going forward.

Throughout the period, the company has been busy working with our consultants and several interested parties, with regards to this expanded focus on larger deals, allowing us to take advantage of the forward funding model that we have proven up with the first two projects.

Outlook

The board has been very active in talks with institutions with regards to the addition of healthcare and education to our focus. These talks have centred around larger projects, as would be expected in these added sectors. While there can be no certainty that a deal will be agreed from these talks, we expect 2020 to be a very busy one for the Company.

I would like to take the opportunity to thank our shareholders for their support and the Dukemount team for their continuing efforts in driving this business forward.

Geoffrey Dart
On behalf of the Board

29 January 2020

Responsibility Statement

We confirm that to the best of our knowledge:

- the Interim Report has been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as adopted by the EU;
- gives a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Interim Report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the Interim Report includes a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being the information required on related party transactions.

The Interim Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

Geoffrey Dart
Executive Chairman

29 January 2019

Consolidated Statement of Comprehensive Income
For the six months ended 31 October 2019

	Note	Group Unaudited 6 months ended 31 Oct 2019 £	Group Unaudited 6 months ended 31 Oct 2018 £	Group Audited Year ended 30 April 2019 £
Continuing Operations				
Revenue from contracts with customers	4	987,470	-	621,875
Cost of sales		(913,789)	-	(559,317)
Gross Profit		73,681	-	62,558
Administrative expenses		(156,158)	(184,806)	(480,998)
Profit on disposal of property		-	-	172,132
Operating loss		(82,477)	(184,806)	(246,308)
Interest received		8	-	112
Loss before taxation		(82,469)	(184,806)	(246,196)
Tax		-	-	-
Loss for the financial period attributable to equity owners		(82,469)	(184,806)	(246,196)
Total comprehensive (loss) attributable to the equity holders		(82,469)	(184,806)	(246,196)
Earnings per share				
- Basic and diluted	5	(0.00023)	(0.054)	(0.00071)

Consolidated Statement of Financial Position

At 31 October 2019

	Note	Group Unaudited 31 Oct 2019 £	Group Unaudited 31 Oct 2018 £	Group Audited 30 April 2019 £
ASSETS				
Current assets:				
Property		-	225,187	-
Trade and other receivables	6	478,687	47,031	677,137
Cash and cash equivalents		290,025	4,982	24,923
Total Current assets		768,712	277,200	702,060
Total assets		768,712	277,200	702,060
LIABILITIES				
Current liabilities:				
Trade and other payables	7	664,021	108,650	514,900
Total Current liabilities		664,021	108,650	514,900
Total liabilities		664,021	108,650	514,900
NET ASSETS		104,691	168,550	187,160
Capital and reserve attributable to the equity holders of the Parent				
Share capital		366,166	339,500	366,166
Share premium		789,671	736,337	789,671
Share based payments reserve		30,499	30,499	30,499
Retained earnings		(1,081,645)	(937,786)	(999,176)
TOTAL EQUITY		104,691	168,550	187,160

Consolidated Statement of Changes in Equity
For the six months ended 31 October 2019

	Share capital £	Share premium £	Share based payment reserve £	Retained losses £	Total shareholders' equity £
Balance as at 1 May 2018	339,500	736,337	30,499	(752,980)	353,356

Loss for the period	-	-	-	(184,806)	(184,806)
Total comprehensive income for the period	-	-	-	(184,806)	(184,806)
Issue of ordinary shares	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 31 October 2018	339,500	736,337	30,499	(937,786)	168,550
Loss for the period	-	-	-	(61,390)	(61,390)
Total comprehensive income for the period	-	-	-	(61,390)	(61,390)
Issue of ordinary shares	26,666	53,334	-	-	80,000
Total transactions with owners	26,666	53,334	-	-	80,000
Balance as at 30 April 2019	366,166	789,671	30,499	(999,176)	187,160
Loss for the period	-	-	-	(82,469)	(82,469)
Total comprehensive income for the period	-	-	-	(82,469)	(82,469)
Issue of ordinary shares	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 31 October 2019	366,166	789,671	30,499	(1,081,645)	104,691

Consolidated Statement of Cashflows

For the six months ended 31 October 2019

	Group Unaudited 6 months ended 31 Oct 2019 £	Group Unaudited 6 months ended 31 Oct 2018 £	Group Audited Year ended 30 April 2019 £
Operating activities			
Loss before taxation	(82,469)	(184,806)	(246,196)
Profit on disposal of property	-	-	(172,132)
Share based payments	-	-	80,000
Decrease / (increase) in trade and other receivables	198,450	(14,184)	(644,290)
(Decrease) / increase in trade and other payables	149,121	82,900	489,150

Net cash used in operating activities	265,102	(116,090)	(493,468)
Property activities			
Proceeds from sale of property	-	-	370,000
Purchase of property	-	-	-
Additions to property	-	(27,319)	-
Net cash used in property activities	-	(27,319)	370,000
Cash Flows from Financing Activities			
Proceeds from issue of shares, net of issue costs	-	-	-
Net Cash generated from Financing Activities	-	-	-
Increase/(Decrease) in cash and cash equivalents in period/ year	265,102	(143,409)	(123,468)
Cash and cash equivalents at beginning of period / year	24,923	148,391	148,391
Cash and cash equivalents at end of period / year	290,025	4,982	24,923

Notes to the Interim Report

For the six months ended 31 October 2019

1. GENERAL INFORMATION

Dukemount Capital Plc (the "Company") is a company domiciled in England. The interim report for the six months ended 31 October 2019 comprises the results of the Company and its subsidiaries (together referred to as the "Group").

The Company's registered office is located at 50 Jermyn Street, London, England, SW1Y 6LX.

2. BASIS OF PREPARATION

The Interim Report, which includes the consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The Interim Report should be read in conjunction with the annual financial statements for the year ended 30 April

2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Interim Report for the period 1 May 2019 to 31 October 2019 is unaudited. This report has not been reviewed by the company's auditors in accordance with the International Standard on Review Engagements 2410 issued by the Auditing Practices Board. In the opinion of the Directors the interim financial statements, included in the Interim Report, for the period presents fairly the financial position, and results from operations and cash flows for the period in conformity with the generally accepted accounting principles consistently applied. The interim financial statements incorporate unaudited comparative figures for the interim period 1 May 2018 to 31 October 2018 and extracts from the audited financial statements for the year ended 30 April 2019.

The Interim Report, which includes the interim financial statements, set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union.

Statutory financial statements for the year ended 30 April 2019 were approved by the Board of Directors on 30 August 2019 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

Cyclicality

The interim results for the six months ended 31 October 2019 are not necessarily indicative of the results to be expected for the full year ending 30 April 2020. Due to the nature of the entity, the operations are not affected by seasonal variations at this stage.

Segmental Reporting

The Group only has one activity which is considered its only operating/reportable segment. As the subsidiaries grow and acquire additional properties and projects, management will then consider them as separate reportable segments. Therefore the financial information of the single segment is the same as that set out in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cashflows.

Going concern

The Directors, having made due and careful enquiry, are of the opinion that the Group has adequate working capital to meet its obligations over the next 12 months. The Directors therefore have made an informed judgement that it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 31 October 2019.

Risks and uncertainties

The key risks that could affect the Group's short and medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Company's 2018 audited financial statements, a copy of which is available on the Company's website: <http://www.dukemountcapitalplc.com>. The main risks on the Company relate to its current preferred business model, the forward funding agreement. The risks associated with this type of agreement are that any development property that may be acquired, and the development of that property is carried out, on terms paid for by the funder, which is party to the forward funding

agreement, and that the Company, through its subcontractors, will be able to control the costs of development of each property so that it makes a profit on each development when it is finally delivered to the funder. There may be occasions when the Company acquires a development property on its own account to hold for a short time or because the capital cost is limited, but this is intended to happen only rarely. Before any forward funding agreement is signed, the main risks are the practical ones of being able to find development properties of sufficient interest to tenants who will sign a long term leases relating to them and institutions who wish to acquire such properties by way of a forward funding agreement, subject to such leases. In addition, the Company is aware of the need to enhance its reserves of cash and cash equivalents.

Critical accounting estimates and judgements

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. The critical accounting estimates and judgements made are in line with those made in the audited financial statements for the year ended 30 April 2019.

3. ACCOUNTING POLICIES

The accounting policies applied in preparing the interim financial statements are consistent with those that have been adopted in the Company's 2019 audited financial statements with the exception of the new standards adopted as of 1 January 2019 included below.

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 30 April 2019 except for the impact of the adoption of the Standards and interpretations described below.

Changes in accounting policy and disclosures

(a) Accounting developments during 2019

The International Accounting Standards Board (ISB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 31 October 2019 but did not result in any material changes to the financial statements of the Group.

The following standards were adopted by the Group during the year:

- IFRS 16 - Leases (effective 1 January 2019)
- IFRS 9 (Amendments) - Prepayment features with negative compensation (effective 1 January 2019)
- Annual Improvements 2015-17 Cycle
- IAS 19 - Plan amendment, curtailment or settlements (effective 1 January 2019)
- IAS 28 - Long term interests in associates and joint ventures (effective 1 January 2019)
- IFRIC 23 - Uncertainty over income tax treatments (effective 1 January 2019)

Since being adopted none of these have had a material impact on the Group's results.

(b) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

<i>Standard</i>	<i>Effective Date</i>
<i>IFRS 3 (Amendments) Business Combinations</i>	<i>1 January 2020</i>
<i>IAS 1 (Amendments) Presentation of Financial Statements</i>	<i>1 January 2020</i>
<i>IAS 8 (Amendments) Accounting Policies, Changes in Accounting Estimates</i>	<i>1 January 2020</i>
<i>IFRS 17 Insurance</i>	<i>1 January 2021</i>

The Directors are actively considering the effects upon the financial statements and at the time of approval do not consider that the financial statements will be subject to material changes.

4. REVENUE

Revenue relates to amounts contractually due under a property development agreement at the balance sheet date relating to the stage of completion of a contract as measured by surveys of work performed to date. Revenue is recognised for services when the Group has satisfied its contractual performance obligation in respect of the services. The amount recognised for the services performed is the consideration that the Group is entitled to for performing the services provided. Revenue from contracts with customers is recognised over time.

	Group Unaudited 31 Oct 2019	Group Unaudited 31 Oct 2018	Group Audited 30 April 2019
	£	£	£
Revenue from contracts with customers	987,470	-	621,875

5. EARNINGS PER SHARE

The basic loss per share is derived by dividing the loss for the period attributable to ordinary shareholders by the weighted average number of shares in issue.

	Group Unaudited 31 Oct 2019	Group Unaudited 31 Oct 2018	Group Audited 30 April 2019
	£	£	£

Loss for the period	(82,469)	(184,806)	(246,196)
Weighted average number of shares - expressed in thousands	366,166	339,500	346,002
Basic earnings per share - expressed in pence	(0.00023)	(0.054)	(0.00071)

6. TRADE AND OTHER RECEIVABLES

	Group Unaudited 31 Oct 2019	Group Unaudited 31 Oct 2018	Group Audited 30 April 2019
	£	£	£
Trade and other receivables	68,212	47,031	55,263
Amounts recoverable on contracts	410,475	-	621,874
	478,687	47,031	677,137

Amounts recoverable on contracts represents sales invoices issued after the period end in respect of work undertaken during the period with appropriate provision being made in accruals and deferred income for costs incurred in undertaking such work but which had not been invoiced at the period end.

7. TRADE AND OTHER PAYABLES

	Group Unaudited 31 Oct 2019	Group Unaudited 31 Oct 2018	Group Audited 30 April 2019
	£	£	£
Trade and other payables	338,302	108,650	171,548
Accruals	20,550	-	20,550
Accrued costs	305,169	-	322,802
	664,021	108,650	514,900

Accrued costs represents the cost of property development work undertaken as at the period end.

8. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Condensed interim financial statements were approved by the Board of Directors on 29 January 2019.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.