REGISTERED NUMBER: 02954192 (ENGLAND AND WALES)

PINEAPPLE CORPORATION PLC

ANNUAL REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Pineapple Corporation Plc

Contents of the financial statements

Pineapple Corporation Plc

Company Information

For the Year Ended 31 March 2023

Executive Directors:	T H Berglund (Chairman) A J Sperrin D C Farley
Secretaries:	A J Sperrin M Jeffrey
Registered office:	12 Blacks Road London W6 9EU
Registered number:	02954192 (England and Wales)
Independent auditor:	Harmer Slater Limited Statutory Auditor Salatin House 19 Cedar Road Sutton Surrey SM2 5DA

PINEAPPLE CORPORATION PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

I am pleased to present my report for the year ended 31 March 2023.

Highlights

Following an extended period where we have been struggling against the effects of Brexit and then covid we are now faced with the challenge of the sharp and massive increases in interest rates imposed by the Bank of England to reduce current high rates of inflation.

In order to meet this challenge we have refocussed our attention on reducing our bank debt to levels that we feel comfortable with. In order to achieve this we have postponed some of our development program while we dispose of non-core investment properties where we have already maximised any potential for increasing value.

In the meantime our company has performed well in extremely difficult circumstances and the results of the group reflect the positive management of the company:

- Gross rental income has risen by 14%
- Net asset value per share has increased by 9p from 504p to 513p (an increase of 1.7%)
- Dividends have remained at 18p per share
- Combining the growth in value per share and the dividend yield of 3.5% means our shareholders have enjoyed a total return of 5.3% in the year.

The future

I am pleased to say that we have avoided the property sectors that have been hardest hit by covid and more recently higher interest rates. We have no exposure to the office sector and very limited exposure to the general high street retail sector.

At the time of writing this report residential property prices in London have held up well in spite of the interest rate increases. However, there are signs that prices are now beginning to fall. How far the market drops depends to a great extent on how far and for how long the Bank of England increases interest rates. I am optimistic that in the medium term the London residential market will bounce back quickly and strongly as soon as interest rates start to move in the other direction again – as it has always done in the past. Demand for residential property in London is stronger than it has ever been and supply is limited.

Clearly there are concerns over the current high rate of inflation, particularly with construction costs and the likelihood of higher interest rates which need to be managed carefully, but due to the nature and makeup of our portfolio and the commitment of our management we are well placed to move forward positively from here.

Board and management

I am pleased to report that the group has retained the services of its existing board of directors and will continue to benefit from their years of experience and diversity of background, hopefully for years to come.

I would also like to thank all our directors, business partners and shareholders for their continued interest and support of the company.

THBerglund

T H Berglund
Chairman

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors are pleased to present their Strategic Report for the year ended 31 March 2023.

THE GROUP

Pineapple Corporation Plc is the parent company of the group and its shares are admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange. It acts as the holding company of the group and owns a portfolio of properties as an investment company. It's wholly owned subsidiary undertakings at 31 March 2023, all of which are property investment companies, are listed on pages 52 and 53.

STRATEGY AND OBJECTIVES

The group's objective is to enhance shareholder value by increasing asset value, increasing profits and increasing dividends.

The group seeks to achieve this through:

- maintaining a balanced portfolio of residential and commercial properties;
- changing the portfolio mix as market conditions change;
- maximising the value of existing properties by exploiting any development potential;
- improving the lease/tenant profile of the commercial properties; and
- making further investments in properties where opportunities exist to significantly enhance the value of the asset.

THE BUSINESS MODEL

Pineapple Corporation Plc is a Real Estate Investment Trust (REIT). A REIT is a property company which enables its shareholders to invest in commercial and residential properties and receive benefits as if they owned the property directly. Our business model focuses on enhancing shareholder value via a combination of increasing asset value, increasing profits and increasing dividends from our well balanced portfolio of residential and commercial investment properties. This model drives our leasing/renting, planning and development strategy including ensuring that we let space to reliable tenants and minimise tenancy voids and their associated costs. Our business model is based on having very low fixed overheads and utilising the services of trusted and experienced property advisors and agents.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Progress and events during the year

After two years of carefully managing the disruptive effects of the covid pandemic on our business we hoped to refocus our attention on maximising the returns and development potential of the investments in our portfolio. However, as we emerged from the world of covid lockdowns strains on supply chains began to fuel inflation which was then hugely exacerbated by the war in Ukraine. The Bank of England responded with sharp and massive increases in interest rates with base rates increasing from 0.1% at the beginning of 2022 to its current rate of 5.0% (at 20th July 2023).

As a result we have refocussed our attention on reducing our levels of bank debt. Whilst we have just completed our Munster Road development of four flats, we have postponed our other development projects until we have reduced our bank debt to levels that we are comfortable with moving forward,

We have continued to dispose of non-core investment properties where we have already maximised any potential for increasing value.

During the year we disposed of four small flats and one investment property in Portsmouth for a total of £2.5M.

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

We also agreed a substantial right of light claim against a developer of a property close to our Hammersmith Road property for a settlement figure of £1.2M.

We have a number of other sales agreed and we anticipate reducing our bank debt to our target of £15M no later than the end of 2023.

We will then reinstate our development program of the following sites:

Lombard Road where we will develop 15,000 sq ft of space as new artist studios and 15,000 sq ft as new modern warehouse space.

Sulgrave Road where we will be creating seven loft space flats.

Alie Street where we will be creating two new penthouse flats.

In the meantime our results continue to be strong following the end of the pandemic period:

- Dividends remained at 18p per share in the year to 31 March 2023 totalling £1,627,328 (2022-£1,641,377).
- Adjusted Net Asset Value per share in the company has increased by 9p from 504p to 513p – an increase of 1.7%.
- Profit for the year (excluding revaluations) has increased from £693,973 in the year to 31 March 2022 to £1,619,556 in the year to 31 March 2023, an increase of 133%.

Portfolio

In line with our strategy we continue to maintain a diverse portfolio consisting of both residential and commercial properties. The value of our portfolio at 31 March 2023 is summarised as follows:

	London	Rest of UK	Total
	£	£	£
Residential investments	37,877,607	1,395,000	39,272,607
Commercial investments	26,296,628	205,000	26,501,628
	64,174,235	1,600,000	65,774,235

Commercial Investments may be broken down further as:

	2023	2022
	£	£
Warehouse/Artist Studios	14,835,000	14,676,626
Food Retail	5,206,750	6,500,000
Hairdressers	675,000	675,000
Proposed redevelopment as residential	4,124,878	2,850,186
	24,841,628	24,701,812
General retail	1,660,000	1,622,500
	26,501,628	26,324,312

We feel that these sectors will continue to perform well in the current commercial investment market.

Property acquisitions and disposals

During the year the group spent £840,000 on developing various properties within its portfolio.

The group sold four residential properties for £1,167,000 and one commercial property for £1,350,000. The group also granted various lease extensions and sold 5 freehold leases with book values amounting to £209,189 for a total consideration of £250,802.

We also agreed a substantial right of light claim against a developer of a property close to our Hammersmith Road property for a settlement figure of £1.2 million.

Valuation

At 31 March 2023, the valuation of UK properties was £65,774,235 (2022 - £67,011,049).

Rental Income

Gross UK rental income was £2,706,164 for the year ended 31 March 2023 compared to £2,375,072 for the year ended 31 March 2022.

Cash Flow

Net cash flow generated from operations was £1,840,537 for the year compared with £1,333,921 for the year ended 31 March 2022.

The net cash inflow from investing activities was £1,679,844 for the year compared with a net cash inflow of £802,945 for the year ended 31 March 2022. The movement reflects disposal proceeds received (net of payments for acquisition of investment properties) during the year.

Key Performance Indicators (KPIs)

The following key performance indicators are considered to be the most appropriate for measuring how successful the group has been in meeting its strategic objectives.

	2023 £	**2022 £**	**Change**
Gross rental income	2,706,164	2,375,072	13.9%
Profit before tax	2,402,042	3,718,768	(35.4%)
Profit before tax excluding gains on revaluations	1,619,556	693,973	133.4%
Adjusted earnings per share (Note 11)	17.9p	7.6p	135.5%
Basic earnings per share (Note 11)	26.6p	40.2p	(33.8%)
Dividends per share (Note 10)	18p	18p	0%
Net Asset Value per share (Note 20)	513p	504p	1.7%

Dividend Policy

It has been our policy to pay dividends at a level that maintains a 4% yield based on net asset value per share, which we have achieved for many years.

During 2022/23 the dividend payment remained at 18p per share (a yield of 3.5%) in order to conserve cash resources in the face of the increased interest rates we are now facing.

Statement of Financial Position

	2023	**2022**	**2021**
Adjusted Net Asset Value per share (note 21)	513p	504p	481p
Net debt/property value	30%	33%	34%
Net debt/total capital (note 21)	30%	33%	34%

Note: Adjusted net asset value per share is a UK property industry measure which excludes deferred tax relating to the revaluation of investment properties. Details of the calculation are provided in note 20 to the consolidated financial statements

Finance

The group's gearing ratio is 30% as shown in note 20 to the consolidated financial statements.

The company's bank loan facility has been renewed in June 2023 and extended for two years with an option to extend for a further two years.

The directors are actively pursuing new sources of equity finance to fund new profitable investment acquisitions and development opportunities, though this has proven difficult in the current climate. We are not willing to issue shares at a substantial discount to net asset value which would result in the dilution of existing shareholders value.

Instead we are continuing to raise funds by disposing of mature properties in order to assist in funding our development programme.

The directors will in any case seek to renew their authority to issue up to 10% new share capital when the AGM is held in anticipation of investors' sentiment changing over the next twelve months.

PRINCIPAL RISKS AND UNCERTAINTIES

The board has overall responsibility for risk management with a focus on determining the nature and extent of exposure to principal risks the group is willing to take in achieving its strategic objectives. The board believes that effective risk management is integral to our strategy of delivering long-term sustainable income and capital growth.

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023(CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

We have reviewed the risks in the year. The table below summarises the principal risks that face the business and the details of how we manage and mitigate the risk:

Principal risk	How we manage/mitigate risk
External risks	
Occupier demand and tenant default - Any weakening in the UK economy, reduced consumer confidence, business activity and investment could reduce income, rental growth and capital performance	All substantial commercial tenants have strong financial covenants. Tenant lease payments are monitored closely and where problems arise the company works closely with the tenant to ensure that any exposure is minimised.
Significant fall in the value of the investment portfolio – This could result in breaches of banking covenants and calling in of loans if gearing levels become too high.	The group maintains a diverse mixed portfolio of residential and commercial properties (including warehouse and retail investments), principally in good locations in London. The group's exposure to a downturn in any one sector of the property market is minimised. A proportion of the residential investment portfolio is reversionary and its capital value increases even when the market is static. The group's current level of bank borrowing has decreased marginally to around 30% (£21m) of the property valuation (£66m), well below the 50% loan to value covenant incorporated in the main banking facilities. In addition, the group has a secure property income stream from a number of tenants with no significant reliance on one particular tenant.
Adverse interest rate movements	The group has negotiated a reduction in the spread of interest rates charged by its bankers from 2.4% to 2.2%. The group is in the process of a disposal program with a view to decreasing its borrowing to £15m (from a high of £24.5m) by the end of 2023, reducing its exposure to high interest rates. The group reviews the possibility of hedging its interest rate exposure on a regular basis.
REIT requirements – If the group fails to meet its REIT requirements it may be expelled from the REIT regime which will result in higher costs for the company and reduced dividends for shareholders.	The board monitors compliance with REIT ratios regularly to ensure that the conditions are not breached. Ratios are currently well within acceptable limits and do not give any cause for concern.
Internal risks	
Key personnel – The team of 3 directors is small and in consequence loss of any one member of the team may have severe negative impact on the group's strategy and performance.	The board has mitigated this risk by utilising the services of an extensive network of trusted and experienced property advisors and agents.

DIRECTORS' SECTION 172 STATEMENT

In accordance with the requirements of S172(1) Companies Act 2006, the board promotes the success of the group for all its stakeholders, by ensuring that, when taking decisions and developing strategy, it:

- **Considers the long term consequences**
  Property acquisitions/disposals as well as development decisions are considered by reference to the impact that they will have on current and future returns given the risks anticipated in the short and long-term. Further information about our portfolio and major developments during the year can be found on pages 4 and 5.
- **Considers the community and environmental impact**
  Development and improvements to our properties are designed to reduce any adverse environmental impacts where practicable. All projects are subject to safety and environmental impact reviews, and due care is taken to ensure the materials used are safe for health and environment.
- **Has regard to the need to act fairly between members of the company.**
  The directors engage formally with all shareholders at the AGM. They are also available for informal engagements, when, and as required to ensure all the matters that may arise are resolved efficiently.

  Pineapple Corporation Plc has only one class of share and considers carefully any issues raised by the members at the AGM or by other means.
- **Considers the impact on other business relationships**
  The directors work closely with tenants and property managers to ensure that any potential or actual issues or opportunities are acted upon swiftly and professionally.

  The directors have a close working relationship with all key members of the external advisory team and will consult, with them as required. Pineapple Corporation Plc ensures that where purchasing criteria are met creditors are paid within terms.
- **Considers the interests of the employees.**
  As Pineapple Corporation Plc only has two employees other than the directors this matter is considered informally.
- **Considers its reputation in the marketplace for high standards of business conduct**
  Key decisions are made by the board as a whole with adequate briefing to inform that decision and ensure that high standards are maintained. Pineapple Corporation Plc endeavours to always act fairly and responsibly in all transactions by meeting agreed timetables and payment terms.

The group stakeholders, include the following parties
Shareholders – the directors attend the AGM and are available to meet with shareholders.
Advisory team - We have strong working relationships with our advisory team including asset managers, valuers, corporate finance, legal and tax advisers. They are an integral part of our team and we are committed to treating them as respected and valued colleagues.
Tenants - We are committed to working with our tenants to understand their needs and to aim to meet their current and future requirements. We consider sustainability issues with our tenants and strive to reduce the environmental impact of our portfolio.
Lenders – access to capital is of vital importance to the long–term success of the group. Regular dialogue is maintained with the key relationship bank and the board ensures that all the obligations are met in a timely manner and all relevant terms and conditions are adhered to.

OUR PEOPLE

Pineapple Corporation Plc is managed by a small team of three executive directors who bring a wealth of experience in the residential and commercial property sectors.

GENDER DIVERSITY

The board of directors currently comprises three male directors. The group is committed to diversity and maintains a policy of recruiting the best candidate for every position.

COMMUNITY AND HUMAN RIGHTS ISSUES

Having given due consideration to relevant human rights issues and the small number of employees, we do not believe that the provision of detailed information in this area is relevant to the understanding of the performance and position of the business. However, we are confident that our business model and the transactions in which we engage do not contravene human rights principles or applicable legislation and in consequence we do not set any strategic targets in this area.

ENVIRONMENTAL MATTERS

The group operates from a serviced office and is therefore not responsible for the environmental matters and greenhouse emissions related thereto.

The strategic report was approved by the Board on 20 July 2023

ON BEHALF OF THE BOARD:

A J Sperrin
Director

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the audited financial statements for the year ended 31 March 2023.

DIRECTORS

The directors who served during the period under review and up to the date of signing these financial statements were:

T H Berglund
A J Sperrin
D C Farley

DIVIDENDS

Dividends of £1,627,328 (property income distributions) were distributed during the year ended 31 March 2023, compared to dividends of £1,641,377 (property income distributions) in the previous year.

GOING CONCERN

The Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. This confirmation is made after having reviewed assumptions about future trading performance, valuation projections, capital expenditure, asset sales and debt requirements contained within the Group's forecasts. The Directors also considered potential risks and uncertainties in the business, credit, market and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Since the year end the directors have renegotiated the bank loan facility and this has been extended for a further two years to 4 May 2025. Further stress testing has been carried out to ensure the Group has sufficient cash resources to continue in operation for at least the next 12 months following approval of the Financial Statements. This stress testing included extreme downside scenarios with materially reduced levels of cash receipts over this period. Based on the above, together with available market information and the Directors' knowledge and experience of the Group's property portfolio and markets, the Directors continue to adopt the going concern basis in preparing the accounts for the year ended 31 March 2023.

FUTURE DEVELOPMENTS

For details of future developments see the Chairman's Statement on page 2.

EVENTS AFTER THE FINANCIAL PERIOD

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to, or disclosure in, the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a number of financial risks including interest rate risk, credit risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. Further details of the financial risks are disclosed in the Strategic Report and in note 20 to the consolidated financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

All of the current directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information needed by the group's Auditors (as defined by section 418 of the Companies Act 2006) for the purposes of their audit and to establish that the Auditors are aware of that information. The directors are not aware of any relevant audit information of which the Auditors are unaware.

AUDITOR

Harmer Slater Limited have expressed willingness to continue in office as auditor. A resolution to re-appoint Harmer Slater Limited and authorising the directors to determine their remuneration will be submitted at the Annual General Meeting.

The report of the directors was approved by the Board on 20 July 2023

ON BEHALF OF THE BOARD:

A J Sperrin
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the group financial statements in accordance with UK adopted International Accounting Standards and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Principles) including FRS 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 and of the profit or loss of the company and 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 judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs and UK 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 and the group 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 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 responsible for preparing the annual report in accordance with applicable laws and regulations. The directors consider the annual report and the financial statements, taken as a whole, provide the information necessary to assess the group's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website www.pcreit.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the financial statements, prepared in accordance with UK adopted International Accounting Standards for the group and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) for the parent company, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

- the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Pineapple Corporation PLC

Corporate Governance Report for the Year Ended 31 March 2023

In formulating the company's corporate governance procedures, the Board of Directors takes due regard of the principles of good management and transparency as set down in the Principles of Corporate Governance of the Luxembourg Stock Exchange.

The company has, throughout the year, been in full compliance with the ten principles set out in the Principles of Corporate Governance.

The Board of Pineapple Corporation PLC is made up of three executive directors. Following the resignation of A Crichton as non-executive director for personal reasons in October 2019, the company is actively searching for a suitably qualified replacement.

The Board meets in person on a quarterly basis and by teleconference whenever the need arises, providing effective leadership and overall control of the group's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditure, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the directors in a timely manner, prior to Board meetings. The Board also receives a summary financial report before each Board meeting.

All directors have access to the advice and services of the company secretaries, who are responsible for ensuring that all Board procedures are followed. Any director may take independent professional advice at the company's expense in the furtherance of his duties.

The Audit Committee which meets not less than quarterly and considers the group's financial reporting (including accounting policies) and internal financial controls, consists of the Full Board and is chaired by A J Sperrin. The committee receives reports from management and from the group's auditors. The group has in place a series of procedures and controls designed to identify and prevent the risk of loss. These procedures are formally documented and are reported on regularly. The Audit Committee has reviewed the systems in place and considers these to be appropriate.

The Remuneration Committee which meets at least once a year and is responsible for making decisions on directors' remuneration packages is chaired by T H Berglund and comprises the Full Board.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with the Luxembourg Stock Exchange rules. The company's principal communication is through the Annual General Meeting and through the annual report and financial statements.

Report of the Independent Auditors to the Members of Pineapple Corporation Plc

Opinion

We have audited the consolidated financial statements of Pineapple Corporation Plc and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes 1 to 25 to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2023, and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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.

Report of the Independent Auditors to the Members of Pineapple Corporation Plc (continued)

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 consolidated financial statements are prepared is consistent with the consolidated 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

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

- 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 statement of directors' responsibilities set out on page 12, the directors are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with directors and other management, and from our cumulative audit and commercial knowledge and experience of the group and the industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the Companies Act 2006, The Landlord and Tenant Act 1985, The Landlord and Tenant Act 1987, The Commonhold and Leasehold Reform Act 2002, The Equality Act 2010, General Data Protection Rules (GDPR), the UK Real Estate Investment Trust Regime, taxation legislation, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence and agreements; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed property valuations updated by the directors to assess the reasonableness of the valuations;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement to disclosures underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with banks and HMRC, analysing legal costs to ascertain if there have been instances of non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Report of the Independent Auditors to the Members of Pineapple Corporation Plc (continued)

Use of our report

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

Other matter

We have reported separately on the parent company financial statements of Pineapple Corporation Plc for the year ended 31 March 2023.

Timothy Slater (senior statutory auditor)
for and on behalf of:
Harmer Slater Limited
Statutory Auditor

Salatin House
19 Cedar Road
Sutton
Surrey SM2 5DA

20 July 2023

PINEAPPLE CORPORATION PLC

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 March 2023

	Note	2023 £	2022 £
Continuing operations			
Gross rental revenue		2,706,164	2,375,072
Property operating expenses		(459,926)	(540,436)
Net rental income		2,246,238	1,834,636
Administrative expenses		(643,370)	(451,595)
		1,602,868	1,383,041
Net valuation gains on investment properties		782,486	2,977,704
Profit on disposal of investment properties		1,017,645	28,335
Operating profit	6	3,402,999	4,389,080
Finance income		2,821	51,100
Finance expenses	7	(1,003,778)	(721,412)
Net financing costs		(1,000,957)	(670,312)
Profit before income tax		2,402,042	3,718,768
Income tax charge	9	-	(47,091)
Profit for the year		2,402,042	3,671,677

Earnings per share

	Note	2023	2022
Basic and diluted earnings per share	11	26.6p	40.2p

The accompanying notes form an integral part of these financial statements

Pineapple Corporation Plc

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2023

	2023	2022
	£	£
Profit for the year after taxation	2,402,042	3,671,677
Items that may be reclassified subsequently to income statement:		
Changes in fair value of interest rate swap	-	9,844
Other comprehensive income for the year	-	9,844
Total comprehensive income for the year	2,402,042	3,681,521

The accompanying notes form an integral part of these financial statements

PINEAPPLE CORPORATION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Investment properties	13	65,774,235	67,011,049
Total non-current assets		65,774,235	67,011,049
Current assets			
Inventories	14	5,265	5,265
Trade and other receivables	15	804,288	1,362,859
Cash and cash equivalents	16	1,020,009	254,427
Total current assets		1,829,562	1,622,551
Total assets		67,603,797	68,633,600
Liabilities			
Current liabilities			
Interest-bearing loans and borrowings	17	20,838,549	-
Trade and other payables	19	585,737	665,033
Total current liabilities		21,424,286	665,033
Non-current liabilities			
Interest-bearing loans and borrowings	17	-	22,263,020
Total non-current liabilities		-	22,263,020
Total liabilities		21,424,286	22,928,053
Net assets		46,179,511	45,705,547
Equity			
Issued capital	20	9,181,327	9,181,327
Share premium		8,952,381	8,952,381
Treasury share reserve		(803,266)	(502,516)
Retained earnings		28,849,069	28,074,355
Total equity		46,179,511	45,705,547

The consolidated financial statements of Pineapple Corporation Plc (registration number 02954192) were approved by the Board of Directors and authorised for issue on 20 July 2023

ON BEHALF OF THE BOARD:

A J Sperrin
Director

Pineapple Corporation Plc

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Hedge reserve	Treasury share reserve	Total equity
	£	£	£	£	£	£
Balance at 1 April 2021	9,181,327	8,952,381	26,044,055	(9,844)	-	44,167,919
Comprehensive income						
Profit for the year	-	-	3,671,677	-	-	3,671,677
Changes in fair value of interest rate swap	-	-	-	9,844	-	9,844
Total comprehensive income for the year	-	-	3,671,677	9,844	-	3,681,521
Transactions with owners						
Share issues	-	-	-	-	(502,516)	(502,516)
Dividends	-	-	(1,641,377)	-	-	(1,641,377)
Transactions with owners	-	-	(1,641,377)	-	(502,516)	(2,143,893)
Transfers	-	-	-	-	-	-
Balance at 31 March 2022	9,181,327	8,952,381	28,074,355	-	(502,516)	45,705,547
Balance at 1 April 2022	9,181,327	8,952,381	28,074,355	-	(502,516)	45,705,547
Comprehensive profit						
Profit for the year	-	-	2,402,042	-	-	2,402,042
Total comprehensive income/expense for the year	-	-	2,402,042	-	-	2,402,042
Transactions with owners						
Purchase of treasury shares	-	-	-	-	(300,750)	(300,750)
Dividends	-	-	(1,627,328)	-	-	(1,627,328)
Transactions with owners	-	-	(1,627,328)	-	(300,750)	(1,928,078)
Transfers	-	-	-	-	-	-
Balance at 31 March 2023	9,181,327	8,952,381	28,849,069	-	(803,266)	46,179,511

Retained earnings
Retained earnings represents cumulative profit or losses net of dividends paid and other adjustments.

Share premium
The share premium reserve represents the difference between the par value of shares issued and the subscription price.

Hedge reserve
The hedge reserve records the unrealised changes in the fair value of the interest rate swap.

Treasury share reserve
The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group.

The accompanying notes form an integral part of these financial statements

Pineapple Corporation Plc

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2023

	Note	2023	2022
		£	£
Cash flows from operating activities			
Operating profit		3,402,999	4,389,080
Adjustments for non-cash items:			
Profit on disposal of investment property		(1,017,645)	(28,335)
Revaluation of investment property	13	(782,486)	(2,977,704)
(Increase)/decrease in debtors		229,671	(93,944)
Increase/(decrease) in creditors		7,998	102,341
Cash generated from operations		1,840,537	1,391,438
Tax paid		-	(57,517)
Net cash from operating activities		1,840,537	1,333,921
Cash flows from investing activities			
Interest received		2,821	-
Acquisition of investment properties		(839,889)	(616,240)
Disposal of investment properties		2,516,912	1,419,185
Net cash inflow from investing activities		1,679,844	802,945
Cash flows from financing activities			
Purchase of treasury shares	20	(300,750)	(502,516)
Equity dividends paid		(1,617,154)	(1,638,274)
Bank borrowings received		0	581,456
Bank borrowings repaid		(163,239)	(1,000,000)
Other loans received		345,120	396,917
Other loans repaid		(15,000)	(521,687)
Interest paid		(1,003,778)	(627,996)
Net cash outflow from financing activities		(2,754,801)	(3,312,100)
Net increase/(decrease) in cash and cash equivalents		765,580	(1,175,234)
Cash and cash equivalents at beginning of year		254,427	1,429,661
Cash and cash equivalents at end of year		1,020,007	254,427

The accompanying notes form an integral part of these financial statements

1 Nature of operation and going concern

Pineapple Corporation Plc (the "company") is a company registered in England and Wales. The consolidated financial statements of the company for the year ended 31 March 2023 comprise the company and its subsidiaries (together referred to as the "group"). The nature of the company's principal activities are set out in the Strategic Report on pages 3 to 9.

The Directors confirm they have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. This confirmation is made after having reviewed assumptions about future trading performance, valuation projections, capital expenditure, asset sales and debt requirements contained within the company's forecasts. The Directors also considered potential risks and uncertainties in the business, credit, market and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Since the year end the directors have renegotiated the bank loan facility and this has been extended for a further two years to 4 May 2025. Further stress testing has been carried out to ensure the company has sufficient cash resources to continue in operation for at least the next 12 months following the ongoing Covid-19 pandemic. This stress testing included extreme downside scenarios with materially reduced levels of cash receipts over this period. Based on the above, together with available market information and the Directors' knowledge and experience of the company's property portfolio and markets, the Directors continue to adopt the going concern basis in preparing the accounts for the year ended 31 March 2023.

2 Statement of compliance

The consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards (IASs) and with the parts of the Companies Act 2006 applicable to companies reporting under IASs.

There are no new accounting standards or interpretations issued during the year that are relevant to the group.

There are no amendments to, or interpretations of, existing standards that are relevant to the group but are not yet effective and have not been adopted.

3 Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of investment properties and the fair value of derivative financial instruments. The accounting policies set out below have been applied consistently by group entities to the period presented in these consolidated financial statements.

3 Significant accounting policies (continued)

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements for the year ended 31 March 2023 incorporate the financial statements of Pineapple Corporation PLC (the company) and all its subsidiary undertakings (the group). Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(c) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Sterling at foreign exchange rates ruling at the dates the fair value was determined.

(d) Investment properties

Investment properties are properties owned or leased under finance leases by the group which are held either for long-term rental income or for capital appreciation or both. Investment properties are initially recognised at cost (including related transaction costs) and revalued at the year end date to fair value as determined by professionally qualified valuers. At least 25 per cent of the group’s property portfolio (including any additions during the year) is valued annually by an external valuation agent and the remainder by the directors so that within every four-year period all properties would have been subject to an external valuation. This year approximately 65% of the property portfolio was externally valued by Avison Young at 19 April 2023. The basis of valuation of properties is described in note 13. Properties are treated as acquired at the point when the group assumes the significant risks and returns of ownership and as disposed when these are transferred to the buyer. This generally occurs on unconditional exchange, except where completion is expected to occur significantly later than exchange. Additions to investment properties consist of costs of a capital nature. In accordance with IAS 40: Investment Property, investment property held under a finance lease is stated gross of the recognised finance lease liability.

3 Significant accounting policies (continued)

(d) Investment properties (continued)

Gains or losses arising from changes in the fair value of investment property are included in the income statement of the period in which they arise. In accordance with IAS 40, as the group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Additions to investment properties consist of costs of a capital nature.

When the group redevelops an existing investment property for continued future use as an investment property, the property remains an investment property measured at fair value through the income statement.

(e) Inventories

Inventories comprise those properties held for sale or those being developed with a view to sell and are valued at the lower of cost and net realisable value.

(f) Financial instruments

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument. Accounting policies for individual financial instruments are disclosed under (g) to (l) below.

(g) Trade and other receivables

Trade receivables are presented in the balance sheet net of allowances for doubtful receivables. The Group assesses on a forward-looking basis the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. In determining the expected credit losses the Group takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis.

The carrying amount of other receivables are a reasonable approximation of their respective fair values and in consequence are not re-measured at fair values. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 Significant accounting policies (continued)

(i) Impairment

The carrying amounts of the group's assets are reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy 3(i) (i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Trade and other payables

The carrying amount of trade and other payables is a reasonable approximation of their respective fair values and in consequence are not re-measured at fair values.

(k) Interest bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer the settlement of the liability for at least 12 months after the year end date.

3 Significant accounting policies (continued)

(l) Derivative financial instruments

The group enters into derivative transactions such as interest rate swaps in order to manage or hedge its exposure to the risk of changes in interest rates. This is described in more detail in the Report of the Directors and in notes 18 and 21 to the consolidated financial statements. The group does not enter into derivatives for trading or speculative purposes. The group documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in the hedging transactions are highly effective in offsetting the changes in fair values or cash flows of the hedged items.

Derivatives are initially recorded at fair value and are re-measured to fair value as calculated by the counterparties based on market prices at subsequent year end date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in fair value of highly effective derivatives (including cash flow hedges) are recognised through the consolidated statement of comprehensive income with the ineffective proportion taken directly to the consolidated income statement.

(m) Issued share capital

Ordinary shares are classified as equity because they do not contain an obligation to transfer cash or another financial asset. Dividends are recognised as a liability in the period in which they are payable. Where the company purchases its equity share capital, the consideration paid, including any attributable transaction costs, are recognised in the treasury share reserve and deducted from the total shareholder's equity until they are cancelled or re-issued.

(n) Revenue recognition

The group recognises revenue on an accruals basis, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group. Revenue comprises rental income (net of doubtful debts) and the sale of property development stock.

Rental income from investment property leased out under an operating lease is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised as the conditions are satisfied.

(o) Government grants

Government grants of a revenue nature are credited to the income statement so as to match them with the expenditure to which they relate and are included in other operating income.

(p) Operating lease arrangements

The group earns rental income by leasing its properties to tenants under non-cancellable operating leases. Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases.

Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3 Significant accounting policies (continued)

(q) Expenses

All expenses are recognised in the consolidated income statement on an accrual basis.

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance expenses

Finance expenses comprise bank borrowing costs (including bank facility charges and interest rate swap payments/receipts) and other borrowing costs and is recognised using the effective interest method which calculates the amortised cost of a financial liability and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount of the financial liability.

(r) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. The UK group is a Real Estate Investment Trust (REIT); in consequence corporation tax is not payable on the income and gains generated from the tax exempt property business in the UK.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the year end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end date. Deferred tax is not provided on timing differences arising from revaluation of investment properties within the UK REIT regime as any gains realised would be exempt from taxation as long as the REIT conditions are met.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

4 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates and are reflected in the Financial Statements as soon as they become apparent. 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 discussed below.

(i) Valuation of investment properties

The group's property portfolio was revalued at the year end date to fair value as follows: 65% of the portfolio amounting to £40,865,000 was externally valued by Avison Young as at 19 April 2023, on the basis of market value. The remaining portfolio valuations were updated by the directors with assistance from Willmotts Chartered Surveyors at 31 March 2023 on the basis of market value. The investment property valuation is inherently subjective and contains a number of assumptions upon which Avison Young and the directors have based their valuation of the group's properties. The assumptions on which the Property Valuation Reports have been based include, but are not limited to, matters such as recent comparable market transactions on arms length terms, the tenure and tenancy details for the properties, ground conditions at the properties and the structural condition of the properties.

Any variation in the valuations would have a material effect on the profit after tax and the net asset value of the group.

(ii) Impairment of trade receivables

The Group's accounts receivable are derived from rental income from a number of tenants. In order to monitor potential credit losses, the group performs ongoing credit evaluations of the tenants' financial condition. An allowance for doubtful debts is maintained for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. The allowance for doubtful accounts is reviewed periodically to assess the adequacy of the allowance. In making this assessment, management takes into consideration tenant's circumstances and makes judgements as to the potential impact of prevailing economic conditions. The actual level of debt collected may differ from the estimated levels of recovery and could impact future operating results positively or negatively. As at 31 March 2023 the group's current rent receivables were £76,836 and no provision for impairment was deemed necessary.

5. Operating segments

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance. Gross rental income receivable, which was derived wholly from UK property investment amounted to, £2,706,164. In the previous year gross rental income amounted to £2,375,072.

During the year gross rental income from one tenant in the United Kingdom amounted to £400,000 representing more than 10% of the group's gross rental revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

6. Operating profit

The operating profit is after charging:

	2023	2022
	£	£
Auditor's remuneration:		
Audit fees - parent company and consolidated financial statements	30,000	25,000
Audit fees – subsidiary undertakings	14,350	14,150
Other fees	7,600	2,000

The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

7. Finance expenses

	2023	2022
	£	£
Bank borrowing costs	1,003,778	721,412
	1,003,778	721,412

8. Personnel expenses

Salary costs

	2023	2022
	£	£
Short term employee benefits	174,000	171,000
Compulsory social security contributions	21,370	19,943
	195,370	190,943

Number of employees

	2023	2022
The average number of employees (including directors) during the year was as follows:		
Administration	5	5

Only one director is remunerated through the group. All other directors receive no remuneration for their respective services to the group.

9. Income tax charge

Recognised in the income statement	2023	2022
	£	£
Current tax expense		
UK Corporation tax for current period	-	9,709
UK Corporation tax relating to previous period	-	37,382
	-	47,091

UK Corporation tax is calculated at 19% (2022: 19%) of the estimated taxable profit for the year.

9. Income tax charge (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

Reconciliation of effective tax rate	2023	2022
	£	£
Profit on ordinary activities before taxation	2,402,042	3,718,768
Income tax using the standard corporation tax rate of 19% (2022: 19%)	456,388	706,565
REIT exempt property gains on disposal	(193,353)	(5,384)
REIT exempt property rental profits and revaluations in the year	(263,035)	(691,472)
Adjustment relating to previous year	-	37,382
Total income tax charge in the income statement (as above)	-	47,091

Pineapple Corporation PLC has a Group Real Estate Investment Trust (GREIT) status. The group does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the group continue to be subject to corporation tax as normal.

10. Dividends

Amounts recognised as distributions to equity shareholders in the year are as follows:

	2023 Dividend paid per share	2023	2022 Dividend paid per share	2022
	Pence	£	Pence	£
Property income distribution paid on 19 Sept 2022 (23 Sep 2021)	10.0	906,871	8.0	734,506
Property income distribution paid on 15 Mar 2023 (22 Mar 2022)	8.0	720,457	10.0	906,871
	18.0	1,627,328	18.0	1,641,377

11. Earnings per share

Basic earnings per share

The calculation of earnings per share and adjusted earnings per share have been calculated using the weighted average number of shares in issue (excluding treasury shares) during the year of 9,037,843 (2022: 9,132,342). There are no dilutive instruments.

In order to draw attention to the profit that is not due to the impact of valuation gains and losses that are included in the statement of comprehensive income, but not available for distribution under the company's articles of association, an adjusted earnings per share based on the profit available for distribution has been calculated.

	2023 Profit after tax	2023 Earnings per share	2022 Profit after tax	2022 Earnings per share
	£	Pence	£	Pence
Basic and diluted	2,402,042	26.6	3,671,677	40.2
Gain on revaluation of investment properties	(782,486)	(8.7)	(2,977,704)	(32.6)
Adjusted	1,619,556	17.9	693,973	7.6

12. Result of parent company

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. The parent company's profit for the financial year was £2,277,488 (2022: £3,265,969).

13. Investment properties

	£
Valuation	
Balance at 1 April 2021	65,791,280
Acquisitions	616,240
Disposals	(2,374,175)
Revaluation	2,977,704
Balance at 31 March 2022	67,011,049
Balance at 1 April 2022	67,011,049
Acquisitions	839,888
Disposals	(2,859,188)
Revaluation	782,486
Balance at 31 March 2023	65,774,235
Carrying amounts	
At 31 March 2022	67,011,049
At 31 March 2023	65,774,235

In accordance with IAS 40 the carrying value of investment properties is their fair value as determined by qualified valuers.

The group's property portfolio was revalued at the year end date to fair value as follows: 65% of the portfolio amounting to £40.9m was externally valued by Avison Young, qualified independent valuers, as at 19 April 2023, in accordance with the Appraisal and Valuation Standards of RICS which became effective on 1 May 2003, on the basis of market value. The remaining portfolio valuations amounting to £26.1m were updated by the directors with assistance from Willmotts Chartered Surveyors, qualified valuers, at 31 March 2023 on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale.

The historical cost of properties at 31 March 2023 was £47,682,029 (2022: £47,321,741). The historical cost of leasehold properties included within the above amounted to £2,818,728 (2022: £2,806,904).

The independent valuation of all property assets uses market evidence and also includes assumptions regarding income expectations and yields that investors would expect to achieve on those assets over time. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other asset classes, could lead to a reappraisal of the assumptions used to arrive at current valuations. In adverse conditions, this reappraisal can lead to a reduction in property values and a loss in net asset values.

14. Inventories

	2023	2022
	£	£
Property trading stock	5,265	5,265

15. Trade and other receivables

	2023	2022
	£	£
Rent receivable	76,836	69,246
Other receivables	615,692	740,185
Prepayments and accrued income	111,760	182,530
	804,288	991,961
Over one year		
Other loans	-	370,898
	804,288	1,362,859

Rent receivables are all considered past due as they relate to rents receivable from tenants all of which are payable in advance. In accordance with IFRS 9, the amounts shown as past due represent the total credit exposure.

The directors consider that the carrying amount of trade and other receivables is approximate to their fair value. There is no concentration of credit risk with respect to trade as all of the group's tenants have terms that require them to pay their rent in advance.

Other loans receivable are secured and repayable in instalments over 5 years. Interest is receivable at 6% per annum. Interest due for the year ended 31 March 2023 has been forgone by the group.

16. Cash and cash equivalents

	2023	2022
	£	£
Bank balances	1,020,009	254,427

17. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings. For more information about the group's exposure to interest rate risk, see note 21.

	2023	2022
	£	£
Current liabilities		
Bank loans	20,838,549	-
	20,838,549	-
Non-current liabilities		
Bank loans	-	22,263,020
	-	22,263,000
Total borrowings	20,838,549	22,263,020

Repayment analysis

	2023	2022
	£	£
Total borrowings		
Within one year	20,838,549	-
One to two years	-	22,263,020
Two to three years	-	-
Three to four years	-	-
	20,838,549	22,263,020

The bank borrowings are secured by fixed and floating charges over the group's assets. Interest is payable at 2.4% over SONIA on sterling denominated loans of £20,838,549 (2022: £22,263,020). The loans matured on 18 May 2023. Since the year end the bank loan facility has been renegotiated and extended for a further two years to 4 May 2025. Interest is payable on the new loan at a reduced rate of 2.2% over the Compounded Reference Rate.

18. Trade and other payables

	2023	2022
	£	£
Trade payables	48,845	84,938
Other payables	185,292	176,309
Income tax payable	9,709	9,709
Other taxes	93,799	118,161
Accruals and deferred income	248,092	275,916
	585,737	665,033

The directors consider that the carrying value of trade and other payables approximates to their fair value.

19. Capital and reserves

Share capital

	Number
In issue at 1 April 2021	9,181,327
Issued for cash	-
In issue at 31 March 2022	9,181,327
In issue at 1 April 2022	9,181,327
Issued for cash	-
In issue at 31 March 2023	9,181,327

Share Buyback

On 3 October 2022 63,000 ordinary shares of £1 having an aggregate nominal value of £63,000 were purchased by the company for an aggregate consideration of £299,250.

The number of shares held in treasury at 31 March 2023 was 175,614 (2022: 112,614).

Reserves

Information on reserves is detailed on page 21.

20. Risk and financial instruments

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are interest rate risk, credit risk and liquidity risk each of which is discussed below.

20. Risk and financial instruments (continued)

Liquidity risk
The group relies on a mix of shareholder funding and bank loans to finance its operations. The main liquidity risk arises from loan covenants and renewal/repayment of loans when they are due for renewal/repayment. The group regularly monitors its financial ratios to ensure that it complies with the loan covenants.

Interest rate risk
The group finances its operations through retained profits and medium-term bank borrowings. Borrowings are subject to an interest rate of 2.4% above the SONIA over the term of the loan.

Credit risk
The group's principal exposure to credit risk arises from rent and other receivables as detailed in note 15 and cash held at bank as detailed in note 16. The group's bank deposits are held with high quality financial institutions in order to minimise credit risk. The maximum credit risk to which the group was exposed at 31 March 2023 was £1,824,297 (2022: £1,617,286).

The group's credit risk is primarily attributable to its rent and other receivables as its cash holdings are mainly with Barclays Bank. The amount of rent and other receivables presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the group's management, based on prior experience and their assessment of the current economic environment. The group has no significant concentration of credit risk, with exposure spread over a number of tenants. The credit status of tenants is continuously monitored and particularly reviewed before properties are acquired, before properties are let and before new leases are granted.

Fair values
The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the accounts. Exposure to credit, liquidity and market risks arises in the normal course of the group's business. At 31 March 2023, the group had £20,838,549 (2022: £22,263,020) of medium-term borrowing, which is all repayable in 2023 at fixed interest rate of 2.4% above SONIA (2022: 2.4%). The fair values of loans and receivables and financial liabilities held at amortised cost were not materially different from book values.

20. Risk and financial instruments (continued)

Valuation hierarchy

The group considers all of its investment properties which are valued at market value to fall within ‘Level 2’, as described by IFRS13. There has been no change in classification in the year (2022 none). Details of the valuation process are included in note 13 to the consolidated financial statements.

The carrying value of all other group financial instruments at 31 March 2023 approximates their fair values and therefore were not measured at fair value. Consequently, no fair value hierarchy has been presented for all other group financial instruments.

Capital risk management

The group’s objectives when managing capital are to safeguard the entity’s ability to continue as a going concern so that it can continue to increase the value of the entity for the benefit of shareholders.

Consistent with others in the industry the group monitors capital on the basis of the net asset value per share and the gearing ratio.

Net asset value

The net asset values and adjusted net asset values per share at 31 March 2023 and 2022 were as follows:

	2023	2022
	£	£
Net assets	46,179,511	45,705,547
Adjustment to net assets relating to deferred tax on investment properties	-	-
Adjusted net assets	46,179,511	45,705,547
Number of shares in issue (excluding treasury shares)	9,037,843	9,068,713
Net asset value per share (pence)	513	504
Adjusted net asset value per share (pence)	513	504

Gearing

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated statement of financial position plus net debt. The gearing ratios at 31 March 2023 and 2022 were as follows:

	2023	2022
	£	£
Total borrowings	21,023,841	22,439,329
Less: cash and cash equivalents	(1,020,009)	(254,427)
Net debt	20,003,832	22,184,902
Total equity	46,179,511	45,705,546
Total capital	66,183,343	67,890,448
Gearing ratio	30%	33%

20. Risk and financial instruments (continued)

Maturity of Group financial liabilities

The expected maturity profiles of the group's borrowings together with the interest rate profile of the group's undiscounted borrowings are set out under note 17.

Trade and other payables are expected to mature within one year.

Borrowing facilities

The group has no undrawn committed borrowing facilities.

21. Capital commitments

There were no capital commitments at 31 March 2023 or at 31 March 2022.

22. Contingent assets and liabilities

There were no contingent assets or liabilities at 31 March 2023 or at 31 March 2022.

23. Related parties

Subsidiaries

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

The key management personnel are the directors of the group. Directors of the group and their immediate relatives control 35.84% (2022: 36.39%) of the voting shares of the group.

The directors' compensations were as follows:

	2023	2022
	£	£
Director's remuneration	100,000	100,000

Only one director is remunerated through the group. All other directors receive no remuneration for their respective services to the group.

The following directors and their immediate family members received dividends and property income distributions during the year in respect of their shareholdings as follows:

	2023	2022
	£	£
D C Farley (and immediate family members)	109,747	113,033
T H Berglund (and immediate family members)	345,713	350,952
A J Sperrin (and immediate family members)	42,958	47,073

23. Related parties (continued)

At 31 March 2023, the following amounts were owed to the directors or their immediate family members:

	2023	2022
	£	£
D C Farley (and immediate family members)	-	-
T H Berglund (and immediate family members)	-	-
A J Sperrin (and immediate family members)	-	-

Other related party transactions

A J Sperrin and T H Berglund jointly control Willmotts Asset Management Services Limited and Pineapple Asset Management Services Limited. The transactions between the group and these two companies or their subsidiaries, all of which were undertaken on an arm's-length basis, were as follows.

	2023	2022
	£	£
Property and other management fees charged to the group	304,947	330,695
Amounts owed to the group at the year end	15,000	-
Dividends paid by the group	96,475	92,735

D C Farley and family control Pointexport Limited. The transactions between this company and the group were as follows:

	2023	2022
	£	£
Dividends paid by the group	22,144	22,144

Silkstorm Limited is a company controlled by T H Berglund. The transactions between this company and the group were as follows:

	2023	2022
	£	£
Amounts owed to the group at the year end	400,000	794,998
Dividends paid by the group	129,320	135,264

The amount owed to the group from Silkstorm Limited arose from the sale of the group's former subsidiary Tammberg OY and was approved by the shareholders at an EGM on 28 September 2018. The loan is secured and repayable in instalments over 5 years.

23. Related parties (continued)

SFI Corporation Limited is a company controlled by A J Sperrin. The transactions between this company and the group were as follows:

	2023	2022
	£	£
Dividends paid by the group	17,083	12,848

Nit Noi Limited is a company controlled by T H Berglund. The transactions between this company and the group were as follows:

	2023	2022
	£	£
Dividends paid by the group	88,090	88,090

Suparot Limited is a company controlled by T H Berglund. The transactions between this company and the group were as follows:

	2023	2022
	£	£
Dividends paid by the group	128,303	127,598

24. Operating Lease Arrangements

At 31 March 2023, the group had contracted with tenants to receive the following future minimum lease payments:

	2023	2022
	£	£
Not later than one year	2,662,471	2,362,994
Later than one year but not more than five years	2,425,569	2,983,197
More than five years	7,306,481	7,595,494

There were no contingent rents recognised as income during the current or previous year.

25. Events After the Financial Period

There have been no other significant events between the year end and the date of approval of these consolidated financial statements which would require a change to, or disclosure in, the consolidated financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PINEAPPLE CORPORATION PLC

We have audited the parent company financial statements of Pineapple Corporation Plc (the 'company') for the year ended 31 March 2023 which comprise the company statement of financial position, the company statement of changes in equity and the related notes 1 to 18 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the parent company financial statements and our auditor's report thereon. Our opinion on the parent company 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 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.

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 parent company 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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 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 statement of directors' responsibilities set out on page 12, the directors are responsible for the preparation of the parent company 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 the parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our cumulative audit and commercial knowledge and experience of the company and the industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, The Landlord and Tenant Act 1985, The Landlord and Tenant Act 1987, The Commonhold and Leasehold Reform Act 2002, The Equality Act 2010, General Data Protection Rules (GDPR), the UK Real Estate Investment Trust Regime, taxation legislation, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed property valuations updated by the directors to assess the reasonableness of the valuations;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement to disclosures underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, analysing legal costs to ascertain if there have been instances of non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PINEAPPLE CORPORATION PLC (CONTINUED)

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 so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Other matter

We have reported separately on the consolidated financial statements of Pineapple Corporation Plc for the year ended 31 March 2023.

Timothy Slater (senior statutory auditor)
for and on behalf of:
Harmer Slater Limited
Statutory Auditor

Salatin House
19 Cedar Road
Sutton
Surrey SM2 5DA

20 July 2023

PINEAPPLE CORPORATION PLC

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Investment properties	7	50,815,711	53,642,892
Investments in subsidiaries	8	3,373,115	3,373,115
Total non-current assets		54,188,826	57,016,007
Current assets			
Inventories	9	5,265	5,265
Trade and other receivables	10	9,201,077	9,258,732
Cash and cash equivalents		971,764	191,387
Total current assets		10,178,106	9,455,384
Total assets		64,366,932	66,471,391
Liabilities			
Current liabilities			
Interest-bearing loans and borrowings	11	20,838,549	-
Derivative financial instruments	12	-	-
Trade and other payables	13	3,685,816	4,715,214
Total current liabilities		24,524,365	4,715,214
Non-current liabilities			
Interest-bearing loans and borrowings	11	-	22,263,020
Total non-current liabilities		-	22,263,020
Total liabilities		24,524,365	26,978,234
Net assets		39,842,567	39,493,157
Equity			
Called up share capital	14	9,181,327	9,181,327
Share premium account	14	8,952,381	8,952,381
Hedge reserve	14	-	-
Treasury share reserve	14	(803,266)	(502,516)
Other reserve	14	14,129,404	16,866,317
Retained earnings	14	8,382,721	4,995,648
Total equity		39,842,567	39,493,157

The parent company financial statements of Pineapple Corporation Plc (registration number 02954192) were approved by the Board of directors and authorised for issue on 20 July 2023

ON BEHALF OF THE BOARD:

A J Sperrin
Director

The accompanying notes form an integral part of these financial statements

Pineapple Corporation Plc

Company Statement of Changes in Equity

	Share capital £	Share premium £	Hedge reserve £	Treasury share reserve £	Other reserve £	Retained earnings £	Total equity £
Balance at 1 April 2021	9,181,327	8,952,381	(9,844)	-	14,093,238	6,144,134	38,361,236
Comprehensive income							
Profit for the year	-	-	-	-	-	3,265,970	3,265,970
Changes in fair value of interest rate swap	-	-	9,844	-	-	-	9,844
Total comprehensive income for the year	-	-	9,844	-	-	3,265,970	3,257,813
Transfers	-	-	-	-	2,773,079	(2,773,079)	-
Share buyback	-	-	-	(502,516)	-	-	(502,516)
Dividends	-	-	-	-	-	(1,641,377)	(1,641,377)
Balance at 31 March 2022	9,181,327	8,952,381	-	(502,516)	16,866,317	4,995,648	39,493,157
Balance at 1 April 2022	9,181,327	8,952,381	-	(502,516)	16,866,317	4,995,648	39,493,157
Comprehensive income							
Profit for the year	-	-	-	-	-	2,277,488	2,277,488
Changes in fair value of interest rate swap	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	2,277,488	2,277,488
Transfers	-	-	-	-	(2,736,912)	2,736,912	-
Share buyback	-	-	-	(300,750)	-	-	(300,750)
Dividends	-	-	-	-	-	(1,627,328)	(1,627,328)
Balance at 31 March 2023	9,181,327	8,952,381	-	(803,266)	14,129,405	8,382,720	39,842,567

For information on individual reserves see page 55.

1 General Information

Pineapple Corporation Plc ("the company") is a public company limited by share capital incorporated in the England and Wales. The company's shares are admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

The address of its registered office and principal place of business is 12 Blacks Road, Hammersmith, London W6 9EU.

The company acts as a holding company and owns a portfolio of properties as an investment company.

2 Significant accounting policies

(a) Going concern

The Directors confirm they have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. This confirmation is made after having reviewed assumptions about future trading performance, valuation projections, capital expenditure, asset sales and debt requirements contained within the company's forecasts. The Directors also considered potential risks and uncertainties in the business, credit, market and liquidity risks, including the availability and repayment profile of bank facilities, as well as forecast covenant compliance. Since the year end the directors have renegotiated the bank loan facility and this has been extended for a further two years to 4 May 2025. Further stress testing has been carried out to ensure the company has sufficient cash resources to continue in operation for at least the next 12 months. This stress testing included extreme downside scenarios with materially reduced levels of cash receipts over this period. Based on the above, together with available market information and the Directors' knowledge and experience of the company's property portfolio and markets, the Directors continue to adopt the going concern basis in preparing the accounts for the year ended 31 March 2023.

(b) Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

(c) Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

(d) Summary of disclosure exemptions

The company is a qualifying entity (for the purposes of FRS 102) and in consequence has taken advantage of the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- the requirement to disclose transactions with group entities
- financial instrument disclosures, including: categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments and exposure to and management of financial risks.

2 Significant accounting policies (continued)

(e) Critical accounting judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Valuation of investment properties

The company's property portfolio was revalued at the year end date to fair value as follows: 60% of the portfolio amounting to £30.5m was externally valued by Avison Young as at 19 April 2023 on the basis of market value. The remaining portfolio valuations were updated by the directors with assistance from Willmotts Chartered Surveyors at 31 March 2023 on the basis of market value. The investment property valuation is inherently subjective and contains a number of assumptions upon which Avison Young and the directors have based their valuation of the company's properties. The assumptions on which the Property Valuation Reports have been based include, but are not limited to, matters such as recent comparable market transactions on arm's length terms, the tenure and tenancy details for the properties, ground conditions at the properties and the structural condition of the properties.

(f) Taxation

Current tax represents the expected tax payable (or recoverable) on the taxable profits for the year using tax rates enacted or substantively enacted at the year end date and taking into account any adjustments arising from prior years.

The company is a member of a group Real Estate Investment Trust "REIT", therefore deferred tax is not provided on timing differences arising from revaluation of those assets as any gains realised would be exempt from taxation as long as the REIT conditions are met.

(g) Investment properties

Investment properties are properties owned by the company which are held for long-term rental income or for capital appreciation or both and are included in non-current assets at their latest valuation plus subsequent additions at cost. Surpluses and deficits arising on valuation are taken direct to the Income Statement.

The group's property portfolio (which includes the company's investment properties) is valued annually. At least 25 per cent of the properties held at the previous year end together with any additions during the year will be valued by an external valuation agent and the remainder by the directors so that within every four-year period all properties would have been subject to an external valuation.

(h) Investments

Non-current investments in subsidiary undertakings are stated at cost less provision for impairment.

The carrying value of investments in subsidiary undertakings are reviewed as necessary for impairment. Impairment is calculated as the difference between the carrying value and the estimated value-in-use or disposal value if higher. Value-in-use represents the present value of future expected cash flows discounted on a pre-tax basis. The carrying amount of the investment is written down where impairment is identified.

2 Significant accounting policies (continued)

(i) Impairment of assets

At each reporting date non-current assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Income Statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank.

(k) Receivables

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables

(l) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(m) Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2. Significant accounting policies (continued)

(n) Derivative financial instruments

The company enters into derivative transactions such as interest rate swaps in order to manage or hedge its exposure to the risk of changes in interest rates. This is described in more detail in the Report of the Directors and in notes 17 and 20 to the consolidated financial statements. The company does not enter into derivatives for trading or speculative purposes. The company documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in the hedging transactions are highly effective in offsetting the changes in fair values or cash flows of the hedged items.

Derivatives are initially recorded at fair value and are re-measured to fair value as calculated by the counterparties based on market prices at subsequent year end dates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in fair value of such derivatives (included cash flow hedges) are recognised through the statement of comprehensive income.

(o) Property development inventory

Property development inventory is valued at the lower of cost and net realisable value.

(p) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Where the company purchases its equity share capital, the consideration paid, including any attributable transaction costs, are recognised in the treasury share reserve and deducted from the total shareholder's equity until they are cancelled or re-issued.

3. Income statement

As permitted by section 408 of the Companies Act 2006, the Income Statement of the company is not presented as part of these financial statements. The profit attributable to shareholders dealt with in the company's accounts for the financial year was £2,277,488 (2022: £3,265,970).

4. Staff costs

	2023	2022
	£	£
Short term employee benefits	174,000	171,000
Compulsory social security contributions	21,370	19,943
	195,370	190,943

Number of employees

The average number of employees (including directors) during the year was as follows:	2023	2022
	£	£
Administration	5	5

5. Directors' Remuneration

Salary costs	2023	2022
	£	£
Short term employee benefits	100,000	100,000

Only one director is remunerated through the company. All other directors receive no remuneration for their respective services to the company.

6. Finance expenses

	2023	2022
	£	£
Bank borrowing costs	1,003,777	721,412
	1,003,777	721,412

7. Investment properties

	Investment Properties
Cost	£
Balance at 1 April 2022	53,642,892
Additions	389,329
Disposals	(2,747,397)
Revaluation	(469,113)
Balance at 31 March 2023	50,815,711
Carrying amounts	
At 31 March 2023	50,815,711
At 31 March 2022	53,642,892

The company's property portfolio was revalued at the year end date to fair value as follows: 60% of the portfolio amounting to £30.5m was externally valued by Avison Young, qualified independent valuers, as at 19 April 2023, in accordance with the Appraisal and Valuation Standards of RICS which became effective on 1 May 2003, on the basis of market value. The remaining portfolio valuations amounting to £20.3m were updated by the directors with assistance from Willmotts Chartered Surveyors, qualified valuers, at 31 March 2023 on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale.

The historical cost of properties at 31 March 2023 was £36,686,306 (2022: £36,776,577). The historical cost of leasehold properties included within the above amounted to £2,818,728 (2022: £2,806,904).

The independent valuation of all property assets uses market evidence and also includes assumptions regarding income expectations and yields that investors would expect to achieve on those assets over time. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other asset classes, could lead to a reappraisal of the assumptions used to arrive at current valuations. In adverse conditions, this reappraisal can lead to a reduction in property values and a loss in net asset values.

8. Investments held in subsidiaries

	Shares in subsidiary undertakings
	£
Cost	
Balance at 1 April 2022	7,013,863
Balance at 31 March 2023	7,013,863
Provision	
Balance at 1 April 2022 and at 31 March 2023	3,640,748
Carrying amounts	
At 31 March 2023	3,373,115
At 31 March 2022	3,373,115

The company's subsidiary undertakings (listed below) are 100% owned by the company.

Subsidiary undertaking	Country of Incorporation	Direct or Indirect Holding	Principal Activity
Aspectvista Limited	England	Direct	Property Investment
Fastbulb Limited	England	Direct	Property Investment
Cranswick Builders Limited	England	Direct	Property Investment
Maplebutton Limited	England	Direct	Property Investment
Torasup Limited	England	Direct	Property Investment
Delta House Studios Limited	England	Direct	Property Investment
Trueline Properties Limited	England	Direct	Property Investment
Pagecable Limited	England	Direct	Dormant
Duneflight Limited	England	Direct	Dormant
Aspectsaver Limited	England	Direct	Property Investment
Drillscene Limited	England	Direct	Property Investment
Earthstring Limited	England	Direct	Property Investment
Greenexpert Limited	England	Direct	Property Investment
Logicspirit Limited	England	Direct	Property Investment
Saverteam Limited	England	Direct	Property Investment
Shapemenu Limited	England	Direct	Property Investment
Spiritframe Limited	England	Direct	Property Investment
Basechange Limited	England	Direct	Property Investment
Awarddeal Limited	England	Indirect	Property Investment
Finlaw Thirty-Six Limited	England	Indirect	Property Investment
Wingdawn Property Co Limited	England	Indirect	Property Investment
Rapidbronze Limited	England	Indirect	Dormant
Fastflask Limited	England	Indirect	Dormant
Deckcoin Limited	England	Indirect	Dormant
Roundbell Limited	England	Indirect	Property Investment
Pineapple property 1A Limited	England	Direct	Dormant
Pineapple property 1B Limited	England	Direct	Dormant
Pineapple property 1C Limited	England	Direct	Dormant
Pineapple property 1D Limited	England	Direct	Dormant
Pineapple property 1E Limited	England	Direct	Dormant

8. Investments held in subsidiaries (continued)

Pineapple property 1F Limited	England	Direct	Dormant
Pineapple property 1G Limited	England	Direct	Dormant
Pineapple property 1H Limited	England	Direct	Dormant
Pineapple property 1I Limited	England	Direct	Dormant
Pineapple property 1J Limited	England	Direct	Dormant
Pineapple property 1K Limited	England	Direct	Dormant
Pineapple property 1L Limited	England	Direct	Dormant

The registered office of all the company's subsidiary undertakings is 12 Backs Road, London, W6 9EU.

9. Inventories

	2023	2022
	£	£
Property trading stock	5,265	5,265

10. Trade and other receivables

	2023	2022
	£	£
Rent receivable	68,883	69,247
Other receivables	604,406	656,680
Amounts due from subsidiary undertakings	8,458,885	8,049,752
Prepayments and accrued income	68,903	112,155
	9,201,077	8,887,834
Over one year:		
Other loans	-	370,898
	9,201,077	9,258,732

Rent receivables are all considered past due as they relate to rents receivable from tenants all of which are payable in advance.

11. Interest-bearing loans and borrowings

	2023	2022
	£	£
Current liabilities		
Bank loan	20,838,549	-
Non-current liabilities		
Bank loan	-	22,263,020

11. Interest-bearing loans and borrowings (continued)

The bank loans are repayable as follows:

	2023	2022
	£	£
Bank loans		
Within one year	20,838,549	-
Between one and two years	-	22,263,020
Between two and five years	-	-
	20,838,549	22,263,020

The bank borrowings are secured by fixed and floating charges over the group's assets. Interest is payable at 2.4% over SONIA on sterling denominated loans of £20,838,549 (2022: £22,263,020). The loans mature on 18 May 2023. Since the year end the bank loan facility has been renegotiated and extended for a further two years to 4 May 2025. Interest is payable on the new loan at a reduced rate of 2.2% over the Compounded Reference Rate.

12. Trade and other payables

	2023	2022
	£	£
Trade payables	23,588	45,843
Other payables	182,864	171,468
Amount owed to subsidiary undertaking	3,168,996	4,139,085
Income tax	9,709	9,709
Other taxes	93,799	118,161
Accruals and deferred income	206,860	230,948
	3,685,816	4,715,214

The directors consider that the carrying value of trade and other payables approximates to their fair value.

13. Share capital and reserves

	2023	2022
	£	£
Allotted, called up and fully paid		
Equity		
9,181,327 (2022: 9,181,327) ordinary shares of £1 each	9,181,327	9,181,327

13. Share capital and reserves (continued)

The company has one class of share which carries no rights to fixed income.

Share Buyback

On 2 October 2022 63,000 ordinary shares of £1 having an aggregate nominal value of £63,000 were purchased by the company for an aggregate consideration of £299,250.

The number of shares held in treasury at 31 March 2023 was 175,614 (2022: 112,614).

Reserves

Retained earnings
Retained earnings represents cumulative profit or losses net of dividends paid and other adjustments.

Share premium
The share premium reserve represents the difference between the par value of shares issued and the subscription price.

Hedge reserve
The hedge reserve records the unrealised changes in the fair value of the interest rate swap.

Other reserve
The other reserve represents non-distributable reserves arising on the revaluation of investment properties.

Treasury share reserve
The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group.

14. Capital commitments

There were no capital commitments at 31 March 2023 or at 31 March 2022.

15. Contingent assets and liabilities

There were no contingent assets or liabilities at 31 March 2023 or at 31 March 2022.

16. Related party transactions

The company reports the following transactions with related parties:

Transactions with key management personnel

The key management personnel are the directors of the company. Directors of the company and their immediate relatives control 35.84% (2022: 36.39%) of the voting shares of the company.

16. Related party transactions (continued)

The following directors received dividends and property income distributions during the year in respect of their shareholdings:

	2023	2022
	£	£
D C Farley (and immediate family members)	107,747	113,033
T H Berglund (and immediate family members)	345,763	350,952
A J Sperrin (and immediate family members)	42,958	47,073

At 31 March 2023, the following amounts were owed to the directors or their immediate relatives:

	2023	2022
	£	£
D C Farley (and immediate family members)	-	-
T H Berglund (and immediate family members)	-	-
A J Sperrin (and immediate family members)	-	-

Transactions with subsidiary undertaking

The company is a parent undertaking and has therefore taken advantage of the provisions of Section 33.1A of FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

Other related party transactions

A J Sperrin and T H Berglund jointly control Willmotts Asset Management Services Limited and Pineapple Asset Management Services Limited. The transactions between the company and these two companies or their subsidiaries, all of which were undertaken on an arm's-length basis, were as follows.

	2023	2022
	£	£
Property and other management fees charged to the company	261,237	272,469
Amounts owed to the company at the year end	15,000	-
Dividends paid by the company	96,475	92,735

D C Farley and family control Pointexport Limited. The transactions with this company were as follows:

	2023	2022
	£	£
Dividends paid by the company	22,144	22,144

Silkstorm Limited is a company controlled by T H Berglund. The transactions with this company were as follows:

	2023	2022
	£	£
Amounts owed to the company at the year end	400,000	794,998
Dividends paid by the company	129,320	135,264

The amount owed to the group arose from the sale of the group's former subsidiary Tammberg OY and was approved by the shareholders at an EGM on 28 September 2018 The loan is secured and repayable in instalments over 5 years.

16. Related party transactions (continued)

SFI Corporation Limited is a company controlled by A J Sperrin. The transactions with this company were as follows:

	2023	2022
	£	£
Dividends paid by the company	17,083	12,848

Nit Noi Limited is a company controlled by T H Berglund. The transactions with this company were as follows:

	2023	2022
	£	£
Dividends paid by the company	88,090	88,090

Suparot Limited is a company controlled by T H Berglund. The transactions with this company were as follows:

	2023	2022
	£	£
Dividends paid by the company	128,303	127,598

17. Operating Lease Arrangements

At 31 March 2023, the company had contracted with tenants to receive the following future minimum lease payments:

	2023	2022
	£	£
Not later than one year	2,304,933	2,011,792
Later than one year but not more than five years	2,279,305	2,836,013
More than five years	3,743,015	4,052,892

There were no contingent rents recognised as income during the current or previous year.

18. Events after the financial period

There have been no other significant events between the year end and the date of approval of these consolidated financial statements which would require a change to, or disclosure in, the consolidated financial statements.