

Company No: 01505228

ROTCH PROPERTY GROUP LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

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ROTCH PROPERTY GROUP LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

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ROTCH PROPERTY GROUP LIMITED

DIRECTORS AND OFFICERS

Directors	R Tchenguiz BS (Joint Chairman and Joint Managing Director) V A Tchenguiz BSc MBA (Joint Chairman and Joint Managing Director) M D Watson BA FCA	
Secretary	A S Fitzpatrick BSc ACA	
Auditor	RSM UK Audit LLP 3rd Floor One London Square Cross Lanes Guildford Surrey GU1 1UN	
Principal Lenders	Aviva Commercial Finance Limited PO Box 4 Surrey Street, Norwich NR1 3NG	Allied Irish Bank (GB) Corporate Banking 9/10 Angel Court London EC2R 7AB
	Standard Life Assurance Company 3 George Street Edinburgh EH2 2XZ	
Clearing Bankers	Barclays Bank plc London Corporate Banking 54 Lombard Street London EC3P 3AH	
Solicitors	Osborne Clarke One London Wall London EC2Y 5EB	
Registered Office	5th Floor Leconfield House Curzon Street London W1J 5JA	

ROTCH PROPERTY GROUP LIMITED

STRATEGIC REPORT

The directors present their Strategic Report of Rotch Property Group Limited and its subsidiaries for the year ended 31 May 2017.

Review of the business

There were no acquisitions of property during the year (2016: Nil), nor were there any disposals (2016: one investment property held as a finance lease sold for a consideration of £13,649,545). A trading property was sold for a consideration of £575,000 (2016: £64,800). At 31 May 2017 the directors valued the group's investment property portfolio at £57,266,002 (2016: £54,258,002).

The group's results for the year are set out on page 7. The group continues to report profits and is continuing to benefit from the improvement in the commercial property market which is expected to continue throughout 2018.

Future developments

The directors are continuing to monitor the property market and will consider suitable acquisition and disposal opportunities as they become available.

Key performance indicators

The directors use the following key indicators to measure the group's performance:

	2017	2016
Ratio of loan to property value/finance lease/security deposit	72.7%	77.0%
Interest rental cover	179.1%	169.4%

Risks and uncertainties

It is the group's policy that no trading in financial instruments shall be undertaken, and the group only enters into derivative contracts as part of its risk mitigation strategy.

The group is exposed to interest rate risk, tenant credit risk, cash flow risk, market value risk and third party risk. Further details and its mitigation approaches are as follows:

Interest rate risk

The risk has been mitigated by the group only being party, wherever possible, to fixed interest rate loan arrangements through the use of swap arrangements.

Tenant credit risk

The risk has been mitigated by the group only taking on appropriate tenants with credit checks undertaken by Prime Estates Property Management Limited, a subsidiary.

Cash flow risk

The group minimises its cash flow risk of non performance on its loan agreements by minimising its tenant credit risk and by arranging for its rentals to be paid by direct transfer to the lender.

The group also provides loan finance to related parties. The interest payable on the group's loans is matched with an equal interest charge to the related party to which the loans are lent on. These companies have also mitigated their exposure and therefore the group's exposure by minimising their tenant credit risk and by arranging for their rentals to be paid by direct transfer or employing Prime Estates Property Management Limited, a subsidiary, as their management agents utilising their specialist skills to ensure collection of rent takes place on time.

ROTCH PROPERTY GROUP LIMITED

STRATEGIC REPORT (continued)

Risks and uncertainties (continued)

Market value risk

The group's investment property values are determined by market forces outside of the group's control.

With the exception of one loan the group's loans are not exposed to a loan default resulting from a fall in property values as the loan agreements do not include a loan to value covenant.

Third party risk

The company and group are exposed to third party risk as they have entered into agreements and guarantees in respect of various related parties as detailed in note 26. Also, the company operates a treasury function in respect of various companies controlled by its ultimate controlling party, the Tchenguiz Family Trust, and has also advanced funds to companies controlled by other Tchenguiz family trusts. As a result, the company and group are exposed to potential bad debts in respect of funds advanced to those companies.

Policy on the payment of creditors

It is group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice.

On behalf of the board



R Tchenguiz
Director

26 February 2018

ROTCH PROPERTY GROUP LIMITED

DIRECTORS' REPORT

The directors submit their 37th annual report and the audited group financial statements of Rotch Property Group Limited for the year ended 31 May 2017. Future developments and exposure to risk are discussed in the strategic report.

Principal activities

The principal activities of the company and the group, which have remained unchanged during the financial year, were property investment and development.

Dividends

The directors are precluded from recommending the payment of a dividend.

Directors

The following directors have held office since 1 June 2016:

R Tchenguiz
V A Tchenguiz
M D Watson

(appointed 8 November 2017 by shareholders' resolution)

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROTCH PROPERTY GROUP LIMITED

DIRECTORS' REPORT (continued)

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board



R Tchenguiz
Director

26 February 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROTC PROPERTY GROUP LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 42. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 May 2017 and of the group's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, 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 the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP
Christopher Hurren FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor, One London Square, Cross Lanes
Guildford, Surrey, GU1 1UN

27 February 2018

ROTCH PROPERTY GROUP LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 £	2016 £
Turnover:			
Group and share of joint ventures and associates		8,559,297	8,090,397
Less:			
Share of associates' turnover		(933,117)	(868,066)
Group turnover	2	<u>7,626,180</u>	<u>7,222,331</u>
Cost of sales	3	(2,806,680)	(2,251,197)
Gross profit		<u>4,819,500</u>	<u>4,971,134</u>
Administrative expenses		(1,739,952)	(1,906,509)
Write back/(provision) against amounts due from related companies		187,871	(4,628,936)
Other operating income (net)	5	759,455	736,430
Group operating profit/(loss)		<u>4,026,874</u>	<u>(827,881)</u>
Share of operating profit in:			
Associates	12.1	145,775	116,847
Fair value deficit on investments	12.1	(122,978)	(102,772)
Fair value gain on investment properties	11	3,008,000	5,514,000
Profit on disposal of finance leases		-	4,837,721
Profit on disposal of fixed asset investments	6	119,210	162,671
Interest receivable and similar income	7	1,144,844	1,283,810
Interest payable and similar charges	8	(4,582,378)	(6,942,880)
Profit on ordinary activities before taxation	4	<u>3,739,347</u>	<u>4,041,516</u>
Tax on profit on ordinary activities	10	(305,283)	(232,460)
Profit on ordinary activities after tax		<u>3,434,064</u>	<u>3,809,056</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>3,434,064</u>	<u>3,809,056</u>
Profit for the year attributable to:			
Owners of the parent		3,224,777	1,852,839
Non-controlling interests	23	209,287	1,956,217
Profit and total comprehensive income for the year		<u>3,434,064</u>	<u>3,809,056</u>

ROTCH PROPERTY GROUP LIMITED

GROUP STATEMENT OF FINANCIAL POSITION (Company Registration Number: 01505228)

AT 31 MAY 2017

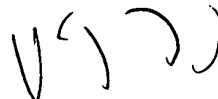
	Notes	2017	2016
		£	£
Fixed assets			
Tangible assets	11	57,276,851	54,280,367
Investments:			
In associates	12.1	301,481	164,255
Other	12.1	461,412	954,671
		<u>58,039,744</u>	<u>55,399,293</u>
Current assets			
Stocks and work in progress	13	51,250	741,250
Debtors due within one year	14	59,840,845	54,286,367
Debtors due after more than one year	14	19,174,255	27,035,953
Investments	16	1	1
Cash at bank and in hand	17	5,144,336	5,266,907
		<u>84,210,687</u>	<u>87,330,478</u>
Creditors: Amounts falling due within one year	18	(53,877,593)	(55,939,893)
Net current assets		<u>30,333,094</u>	<u>31,390,585</u>
Total assets less current liabilities		<u>88,372,838</u>	<u>86,789,878</u>
Creditors: Amounts falling due after more than one year	19	(58,490,587)	(60,583,288)
Provisions for liabilities	21	(3,791,478)	(3,549,881)
Net assets		<u>26,090,773</u>	<u>22,656,709</u>
Capital and reserves			
Called up share capital	22	100,000	100,000
Fair value reserve:			
- Investment properties		27,947,839	24,933,839
- Other investments		13,916	343,241
Other reserves		-	2,008,169
Profit and loss account		(22,316,706)	(24,864,977)
Equity attributable to owners of the parent		<u>5,745,049</u>	<u>2,520,272</u>
Non-controlling interests	23	20,345,724	20,136,437
		<u>26,090,773</u>	<u>22,656,709</u>

The financial statements on pages 7 to 42 were approved by the board of directors and authorised for issue on 26 February 2018 and are signed on its behalf by:

R Tchenguiz
Director



V A Tchenguiz
Director



ROTCH PROPERTY GROUP LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2017

	Share capital £	Other investments fair value reserve £	Investment properties fair value reserve £	Profit and loss account £	Other reserves £	Non- controlling interests £	Total £
Balance at 1 June 2015	100,000	446,013	19,862,339	(21,749,088)	2,008,169	18,180,220	18,847,653
Profit for the year	-	-	-	1,852,839	-	1,956,217	3,809,056
Unrealised surplus on revaluation of investment properties:							
- of the group	-	-	5,514,000	(5,514,000)	-	-	-
- attributable to minority interests	-	-	(442,500)	442,500	-	-	-
Other investments	-	(102,772)	-	102,772	-	-	-
Balance at 31 May 2016	<u>100,000</u>	<u>343,241</u>	<u>24,933,839</u>	<u>(24,864,977)</u>	<u>2,008,169</u>	<u>20,136,437</u>	<u>22,656,709</u>
Profit for the year	-	-	-	3,224,777	-	209,287	3,434,064
Unrealised surplus on revaluation of investment properties:							
- of the group	-	-	3,068,000	(3,068,000)	-	-	-
- attributable to non controlling interests	-	-	(54,000)	54,000	-	-	-
Other investments	-	(329,325)	-	329,325	-	-	-
Transfer	-	-	-	2,008,169	(2,008,169)	-	-
Balance at 31 May 2017	<u>100,000</u>	<u>13,916</u>	<u>27,947,839</u>	<u>(22,316,706)</u>	<u>-</u>	<u>20,345,724</u>	<u>26,090,773</u>

ROTCH PROPERTY GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION (Company Registration Number: 01505228)

AT 31 MAY 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	11	1,505,905		1,497,107	
Investments	12.2	20,457,858		20,949,380	
		<u>21,963,763</u>		<u>22,446,487</u>	
Current assets					
Stocks and work in progress	13	51,250		91,476	
Debtors due within one year	14	65,188,226		59,654,862	
Debtors due after more than one year	14	-		6,566,308	
Cash at bank and in hand		98,093		119,418	
		<u>65,337,569</u>		<u>66,432,064</u>	
Creditors: Amounts falling due within one year	18	(99,607,369)	(102,415,649)		
Net current liabilities		<u>(34,269,800)</u>		<u>(35,983,585)</u>	
Total assets less current liabilities		<u>(12,306,037)</u>		<u>(13,537,098)</u>	
Provisions for liabilities	21	(228,891)		(236,897)	
Net liabilities		<u>(12,534,928)</u>		<u>(13,773,995)</u>	
Capital and reserves					
Called up share capital	22	100,000		100,000	
Fair value reserve:					
- Investment properties		1,486,000		1,466,000	
- Other investments		13,916		346,237	
Profit and loss account		(14,134,844)		(15,686,232)	
Total equity		<u>(12,534,928)</u>		<u>(13,773,995)</u>	

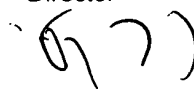
As permitted by section 408 Companies Act 2006, no separate profit and loss account of the company is presented. The company's profit for the financial year amounted to £1,239,067 (2016: loss £2,392,688).

The financial statements on pages 7 to 42 were approved by the board of directors and authorised for issue on 26 February 2018 and are signed on its behalf by:

R Tchenguiz
Director



V A Tchenguiz
Director



ROTCH PROPERTY GROUP LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2017

	Share capital £	Investment properties fair value reserve £	Other investments fair value reserve £	Profit and loss account £	Total £
Balance at 1 June 2015	100,000	968,000	446,013	(12,895,320)	(11,381,307)
Loss for the year	-	-	-	(2,392,688)	(2,392,688)
Surplus on property revaluations	-	498,000	-	(498,000)	-
Surplus on revaluation of investments	-	-	(99,776)	99,776	-
Balance at 31 May 2016	<u>100,000</u>	<u>1,466,000</u>	<u>346,237</u>	<u>(15,686,232)</u>	<u>(13,773,995)</u>
Profit for the year	-	-	-	1,239,067	1,239,067
Surplus on property revaluations	-	20,000	-	(20,000)	-
Surplus on revaluation of investments	-	-	(332,321)	332,321	-
Balance at 31 May 2017	<u>100,000</u>	<u>1,486,000</u>	<u>13,916</u>	<u>(14,134,844)</u>	<u>(12,534,928)</u>

ROTCH PROPERTY GROUP LIMITED

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2017

	Notes	£	2017 £	£	2016 £
OPERATING ACTIVITIES					
Cash generated from operations	24	4,739,273		16,151,759	
Interest paid		(3,959,787)		(6,028,231)	
NET CASH GENERATED/(USED) IN OPERATING ACTIVITIES			779,486		10,123,528
INVESTING ACTIVITIES					
Proceeds on disposal of investments		493,286		740,377	
Purchase of investments		(3,795)		(22,112)	
Purchase of tangible fixed assets		-		(1,348)	
Proceeds on disposal of tangible fixed assets		-		1	
Interest received		1,116,237		1,301,612	
NET CASH FROM INVESTING ACTIVITIES			1,605,728		2,018,530
FINANCING ACTIVITIES					
Repayments of borrowings		(2,507,785)		(12,582,082)	
NET CASH USED IN FINANCING ACTIVITIES			(2,507,785)		(12,582,082)
NET DECREASE IN CASH AND CASH EQUIVALENTS			(122,571)		(440,024)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			5,266,907		5,706,931
CASH AND CASH EQUIVALENTS AT END OF YEAR			5,144,336		5,266,907
Relating to:-					
Bank balances and short term deposits included in "cash at bank and in hand"			5,144,336		5,266,907

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

1. Accounting policies

Company information

Rotch Property Group Limited ("the Company") is a limited company domiciled and incorporated in England, registration number 01505228. The address of the Company's registered office and principal place of business is 5th Floor, Leconfield House, Curzon Street, W1J 5JA. The principal activities of the company and the group during the year were property investment and development.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, and under the historical cost convention modified to include investment properties and certain financial instruments at fair value.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Rotch Property Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 May 2017.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

1.3 Going concern

The directors have assessed the operation of the group's property investment structures and have also reviewed the group's working capital needs, including the group's operations and the treasury function it carries out for its ultimate controlling party, the Tchenguiz Family Trust, and have also assessed the continuation and availability of support being provided by the Tchenguiz Family Trust. On the basis of their review they have determined that the group has, or can expect to have, sufficient working capital for its needs for at least 12 months from the date of signing of these accounts.

The directors have also assessed the status of the contingencies and guarantees as set out in note 26, and the support received from related parties, and on the basis of their review and the current discussions with the various lenders do not expect that these will be called for settlement or if called the group has been suitably indemnified by a related party.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line/reducing balance basis over its expected useful life, as follows:

Computer equipment	-	25% per annum (reducing balance basis)
Fixtures and fittings	-	15% per annum (reducing balance basis)
Motor vehicles	-	25% per annum (reducing balance basis)

Residual value is calculated on prices prevailing at the date of acquisition or revaluation, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

1.5 Impairments

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss the depreciation or amortisation is adjusted to allocate the assets revised carrying amount (less any residual value) over its remaining useful life.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1.6 Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

Investment properties are revalued annually by the directors.

Profits arising on the disposal of investment properties are recognised on exchange of contracts. The profits are treated as exceptional items and any revaluation surplus relating to the property is transferred to profit and loss reserves.

Where investment properties are owned jointly with third parties only the group's beneficial interest is reflected in the financial statements.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

1.7 Fixed asset investments

Fixed asset investments, other than associated companies and joint ventures, are stated at valuation.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.8 Associates

Undertakings in which the group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the latest audited financial statements.

1.9 Stock

Properties acquired with a view to resale are identified as stock or work in progress and stated at the lower of cost and net realisable value. Cost includes the cost of acquisition and development, including directly attributable fees, expenses and finance costs.

Profits arising from the sale of trading and development properties are recognised on completion of the sale and as being part of the ordinary activities of the group.

1.10 Leases

The Group as lessor - Finance leases

Where the group acts as a lessor, amounts due from lessees under finance leases are recognised as debtors at the present value of the future minimum lease payments plus any unguaranteed residual value (the "net investment in the lease") plus incremental costs of negotiating and arranging the lease. Finance income from assets leased under a finance lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment in the lease.

The Group as lessor - Operating leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

The Group as lessee - Operating leases

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

1.11 Current asset investments

Unlisted investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

1.12 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.13 Rent receivable

Rental income from investment properties leased out under operating leases is recognised in the profit and loss account on an accruals basis over the term of the lease. The effect of rent reviews is only recognised when such reviews have been agreed with tenants. Where rents are subject to fixed indexation in lieu of rent reviews, the rents are recognised on a systematic basis as income in the periods in which they are earned.

Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period of the lease or, if shorter, the period ending when prevailing market rentals become payable.

1.14 Property trading and development

Turnover from the sale of the property stock is recognised at the fair value of the consideration received or receivable in the ordinary nature of the business. Turnover is shown net of Value Added Tax.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

1.15 Functions and presentational currencies

The consolidated financial statements are represented in sterling which is also the functional currency of the company.

1.16 Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except that they relate to gains or losses or non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

1.17 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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1.17 Financial instruments (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.18 Loan and swap break costs

These costs, which arise from the early settlement of fixed rate borrowings, are charged to the profit and loss account as incurred unless the borrowings are refinanced. Where refinanced, the break costs are treated as additional finance costs of the replacement borrowings if the replacement and original borrowings are of similar amounts and the maturity of the replacement loan is not significantly different from that of the original borrowing.

The directors consider that at the time of a loan refinancing, when the circumstances are as set out above, the capitalisation of the break costs, rather than their being expensed, is required in order for the financial statements to present a true and fair view.

1.19 Liquid resources

For the purposes of the cash flow statement liquid resources are defined as short term bank deposits.

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

1.20 Retirement benefits

Defined contribution plans

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contribution actually paid are shown as either accruals or prepayments.

1.21 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Finance lease rentals

The key accounting estimate in preparing these financial statements relates to the rentals receivable under the finance lease which are subject to periodic increases.

Valuation of investment properties

The key accounting estimate in preparing these financial statements relates to the carrying value of the investment property which is stated at fair value. The group uses reports provided by Chartered Surveyors employed by the group's in house management company as a basis for determining the directors' estimation of the fair value of the investment properties. However, the valuation of the group's investment property is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

2. Turnover

	2017	2016
	£	£
Turnover is wholly undertaken in the United Kingdom		
Analysis of turnover by activity:		
Rent receivable from investment properties	5,043,486	4,869,704
Finance charges on leased properties	2,007,694	2,287,827
Property trading and development	575,000	64,800
	<u>7,626,180</u>	<u>7,222,331</u>

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

3. Cost of sales	2017	2016
	£	£
Cost of land sold	695,662	-
Increase in provision against property stock	-	77,500
Operating lease rentals - headleases on sublet land and buildings	2,111,018	2,173,697
	<u>2,806,680</u>	<u>2,251,197</u>
4. Profit on ordinary activities before taxation	2017	2016
	£	£
Profit on ordinary activities before taxation is stated after charging:-		
Auditor's remuneration:		
Statutory audit of parent and consolidated accounts	49,200	45,500
Statutory audit of the subsidiary accounts	70,202	90,250
Loss on disposal of tangible fixed assets	8,083	-
Profit on disposal of trading property	501,862	64,800
Depreciation of tangible fixed assets	3,433	6,323
Operating lease rentals - land and buildings	95,269	123,270
- plant and machinery	3,000	3,000
Stock - amounts expensed to cost of sales	690,000	-
	<u></u>	<u></u>
5. Other operating income (net)	2017	2016
	£	£
Management fees, licences and commissions	757,305	739,537
Exchange differences on foreign currency transactions	2,150	(3,107)
	<u>759,455</u>	<u>736,430</u>
6. Profit on disposal of fixed asset investments	2017	2016
	£	£
Profit on disposal of unlisted investments	119,210	141,064
Profit on disposal of listed investments	-	21,607
	<u>119,210</u>	<u>162,671</u>
7. Interest receivable and similar income	2017	2016
	£	£
Group undertakings	1,057,811	1,225,327
Bank	87,033	58,483
	<u>1,144,844</u>	<u>1,283,810</u>

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

8. Interest payable and similar charges	2017	2016
	£	£
Bank loans and overdrafts	1,652,223	1,737,810
Other loans	2,284,901	2,487,665
Other interest	68	-
Amortisation of finance charges	556,368	604,755
Unamortised finance costs expensed on loan redemption	-	331,928
Break costs	-	1,576,670
Fair value loss on interest rate swaps	82,930	195,600
	<u>4,576,490</u>	<u>6,934,428</u>
Associates	5,888	8,452
	<u>4,582,378</u>	<u>6,942,880</u>

9. Employees and Directors	2017	2016
	£	£
Staff costs including directors during the year amounted to:-		
Wages and salaries	1,102,175	1,154,295
Social security costs	134,493	141,356
Other pension costs	17,865	8,530
	<u>1,254,533</u>	<u>1,304,181</u>

The group operates a defined contribution pension scheme to which contributions of £17,865 were made during the year.

The average number of employees during the year was:-	2017	2016
	No.	No.
Management and administration	<u>12</u>	<u>14</u>

	2017	2016
	£	£
Directors' emoluments:		
Executive remuneration	<u>3,204</u>	<u>3,204</u>

No director was accruing benefits in a pension scheme during the current or previous year.

No separate disclosure of key management personnel is included as it is only the directors who are considered to be key management personnel.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

10. Taxation	2017	2016
	£	£
Current tax		
Share of associate's taxation (note 12.1)	2,661	(4,665)
Corporation tax	61,025	-
Total current tax	63,686	(4,655)
Deferred tax		
Effect of decreased tax rate on opening liability	(338,755)	283,947
Origination & reversal of timing differences	580,352	(46,832)
Total deferred tax	241,597	237,115
Total tax on profit on ordinary activities	305,283	232,460

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

Factors affecting the current tax charge for year:	2017	2016
	£	£
Profit on ordinary activities before taxation	3,739,347	4,041,516
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2016: 20%)	747,869	808,303
Effects of:		
Non deductible/taxable items	326,132	1,211,641
Share of profits in associates and joint ventures	(27,977)	(21,679)
Share of associates and joint ventures tax	2,661	(4,655)
Capital transactions	(23,842)	(28,213)
Group relief (net)	40,067	438,840
UK transfer pricing	(114,661)	(120,463)
Lease premium relief	(56,828)	(61,181)
Chargeable Disposals	-	317,550
Excess of tax allowances over depreciation	-	6,494
Lease premium relief and capital allowances	(4,632)	(3,865)
Loss on disposal of finance leases	-	(957,544)
Adjustment in respect of finance leases	284,647	(184,771)
Tax losses	(331,773)	(589,701)
Disallowable Income	(577,352)	(439,646)
Effect of changes in tax rates and laws	(198,749)	(36,186)
Deferred tax on swaps	(10,231)	(9,537)
Deferred tax on investment properties	430,100	206,146
Deferred tax in respect of indexation allowance	(139,879)	(280,004)
Other	(40,269)	(19,069)
Tax expense	305,283	232,460

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 18 November 2015. As a result of the change in the UK main rates of corporation tax, the relevant deferred tax balances have been remeasured.

ROTCH PROPERTY GROUP LIMITED

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11. Tangible fixed assets

Group	Investment properties £	Fixtures & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2016	54,258,002	210,768	92,315	54,561,085
Revaluation	3,008,000	-	-	3,008,000
Disposals	-	(113,926)	-	(113,926)
At 31 May 2017	57,266,002	96,842	92,315	57,455,159
Depreciation				
At 1 June 2016	-	188,583	92,135	280,718
Charge for the year	-	3,388	45	3,433
Disposals	-	(105,843)	-	(105,843)
At 31 May 2017	-	86,128	92,180	178,308
Carrying amount				
At 31 May 2017	57,266,002	10,714	135	57,276,851
At 31 May 2016	54,258,002	22,185	180	54,280,367

The investment properties were valued as at 31 May 2017 at £57,266,002 (2016: £54,258,002) by the directors based on reports provided to them by Chartered Surveyors employed by the group's in house management company. The original cost of the investment properties held at 31 May 2017 was £23,370,769 (2016: £23,370,769).

Investment properties at net book value comprise:-	2017 £	2016 £
Freehold	12,696,000	12,576,000
Long leasehold	44,570,002	41,682,002
	<u>57,266,002</u>	<u>54,258,002</u>

ROTCH PROPERTY GROUP LIMITED

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FOR THE YEAR ENDED 31 MAY 2017

11. Tangible fixed assets (continued)

Company	Investment properties £	Fixtures & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 June 2016	1,476,000	207,943	92,315	1,776,258
Revaluation	20,000	-	-	20,000
Disposals	-	(113,926)	-	(113,926)
At 31 May 2017	1,496,000	94,017	92,315	1,682,332
Depreciation				
At 1 June 2016	-	187,016	92,135	279,151
Charge for the year	-	3,074	45	3,119
Disposals	-	(105,843)	-	(105,843)
At 31 May 2017	-	84,247	92,180	176,427
Net book value				
At 31 May 2017	1,496,000	9,770	135	1,505,905
At 31 May 2016	1,476,000	20,927	180	1,497,107

The investment properties have been valued as at 31 May 2017 at £1,496,000 (2016: £1,476,000) by the directors based on reports provided to them by Chartered Surveyors employed by the group's in house management company.

Valuations take in account tenure, lease terms, market conditions, inflation assumptions and sales prices based on known market transactions for similar properties.

The original cost of the investment properties held at 31 May 2017 was £10,000 (2016: £10,000).

Investment properties at net book value comprise:-

	2017 £	2016 £
Freehold	1,496,000	1,476,000

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

12. Fixed asset investments

12.1 Group

	Unlisted investments £	Associated undertakings £	Total £
Valuation			
At 1 June 2016	954,671	-	954,671
Additions	3,795	-	3,795
Disposals	(374,076)	-	(374,076)
Revaluation	(122,978)	-	(122,978)
At 31 May 2017	461,412	-	461,412
Share of undistributed post acquisition profits			
At 1 June 2016	-	164,255	164,255
Share of current year:			
- operating profit	-	145,775	145,775
- interest payable	-	(5,888)	(5,888)
- taxation	-	(2,661)	(2,661)
At 31 May 2017	-	301,481	301,481
Carrying amount			
At 31 May 2017	461,412	301,481	762,893
At 31 May 2016	954,671	164,255	1,118,926

The unlisted investments consist principally of venture funds and have been valued with reference to reports produced by the fund managers within two months of each balance sheet date. The original cost of the unlisted investments was £529,111 (2016: £612,115).

ROTCH PROPERTY GROUP LIMITED

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FOR THE YEAR ENDED 31 MAY 2017

12. Fixed asset investments (continued)

12.2 Company

	Unlisted investments £	Subsidiary undertakings £	Total £
Cost or valuation			
At 1 June 2016	948,359	64,856,254	65,804,613
Additions	3,795	-	3,795
Disposals	(374,076)	-	(374,076)
Revaluation	(121,241)	-	(121,241)
At 31 May 2017	456,837	64,856,254	65,313,091
Impairment provisions			
At 1 June 2016	-	(44,855,233)	(44,855,233)
Disposals	-	-	-
At 31 May 2017	-	(44,855,233)	(44,855,233)
Carrying amount			
At 31 May 2017	456,837	20,001,021	20,457,858
At 31 May 2016	948,359	20,001,021	20,949,380

The unlisted investments consist of venture funds and have been valued with reference to reports produced by the fund managers within two months of each balance sheet date. The original cost of the unlisted investments was £519,111 (2016: £602,115).

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

12.3 Subsidiary undertakings

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The company's subsidiaries are incorporated in England. The company holds more than 20% of the share capital of the companies listed below. Rotch Properties Limited is 50% owned but is treated as a subsidiary as the remaining 50% of its share capital is ultimately held by the company's ultimate controlling party, The Tchenguiz Family Trust, and the company is effectively controlled by the management of Rotch Property Group Limited.

Company	Company of registration or incorporation	Principal activity	Shares held Class	%
BPAR Limited	England	Dormant	Ordinary	100.00
Granquay Limited	England	Dormant	Ordinary	100.00
Herbframe Limited	England	Property investment	Ordinary	100.00
Holaw (339) Limited	England	Dormant	Ordinary	100.00
Holaw (401) Limited	England	Property investment	Ordinary	100.00
Lakeglebe Limited	England	Dormant	Ordinary	100.00
Mistland Limited	England	Property development	Ordinary	100.00
Portgale Limited	England	Intermediate property Lessor	Ordinary	100.00
Primary Development Limited	England	Property investment	Ordinary	100.00
Rotch Financial Limited	England	Financing	Ordinary	100.00
Rotch Investments (Anglia) Limited	England	Property investment	Ordinary	100.00
Rotch Investments (Plymouth) Limited	England	Property investment	Ordinary	100.00
Rotch Properties Limited	England	Holding company	Ordinary	50.00
B&C Plaza Limited^	England	Holding company	Ordinary	100.00
Sagehill Limited^	England	Holding company	Ordinary	100.00
Holaw (434) Limited^	England	Property investment	Ordinary	100.00
Uni Lease No.1 Limited^*	England	Property investment	Ordinary	100.00
Barnmist Limited^*	England	Dormant	Ordinary	100.00
Bartonmoss Limited^	England	Dormant	Ordinary	100.00
Boxcrest Limited^	England	Holding company	Ordinary	100.00
Holaw (587) Limited^*	England	Property investment	Ordinary	100.00
Fleetweald Limited^	England	Dormant	Ordinary	100.00
Holaw (403) Limited^	England	Property investment	Ordinary	100.00
Holaw (429) Limited^	England	Property investment	Ordinary	100.00
Ottawasudden Limited^	England	Dormant	Ordinary	100.00
Park Road (Medical Centre) Limited^*	England	Property investment	Ordinary	100.00
Placemanor Limited^	England	Financing	Ordinary	100.00
Rotch 18 (Welwyn) Limited^	England	Property investment	Ordinary	100.00
Valleymile Limited^	England	Property investment	Ordinary	100.00
Wyn-Ro Property Investments (Sea Containers House) Limited^	England	Dormant	Ordinary	100.00
Prime Estates Holdings Limited^	England	Holding company	Ordinary	100.00
Prime Estates Property Management Limited^	England	Property management	Ordinary	100.00

*These companies hold their property investments by way of finance leases.

^These interests are held via Rotch Properties Limited.

The registered address of all of the subsidiaries is 5th Floor, Leconfield House, Curzon Street, W1J 5JA.

ROTCH PROPERTY GROUP LIMITED
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FOR THE YEAR ENDED 31 MAY 2017

12.4 Associated undertakings

Group

The group holds the following interests in an associate:

Company	Company of registration or incorporation	Principal activity	Shares held Class	%
Asite Limited	England	Property services	Ordinary	13.30

The registered address of the associate, Asite Limited is G.02 Albert House, Old Street, London EC1V 9DD.

The group's interest is held via B&C Plaza Limited, part of the 50% owned Rotch Properties Limited group of companies. Although B&C Plaza Limited owns 13.30% of the total share capital of Asite Limited, it owns 26% of the ordinary 'A' shares which have voting rights attached, giving B&C Plaza Limited significant influence over Asite Limited.

13. Stocks and work in progress

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Stock:-				
Properties held for resale	5,000	5,000	5,000	5,000
Work in progress:-				
Property developments	46,250	736,250	46,250	86,476
	<u>51,250</u>	<u>741,250</u>	<u>51,250</u>	<u>91,476</u>

ROTCH PROPERTY GROUP LIMITED

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14. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Due within one year:				
Trade debtors	92,770	8,721	18,705	1,299
Amounts owed by subsidiary undertakings	-	-	7,247,624	6,946,079
Amounts owed by group undertakings	12,136,118	14,373,357	12,100,474	14,339,551
Amounts owed by related undertakings	43,060,994	37,968,626	43,051,494	37,949,426
Other debtors	2,543,220	49,179	2,536,826	43,793
Finance lease receivables (note 15)	1,259,747	1,011,544	-	-
Prepayments and accrued income	747,996	874,940	233,103	374,714
	<u>59,840,845</u>	<u>54,286,367</u>	<u>65,188,226</u>	<u>59,654,862</u>
Due after more than one year:				
Amounts owed by group undertakings	2,607,633	2,643,277	-	-
Amounts owed by related undertakings	-	6,566,308	-	6,566,308
Finance lease receivables (note 15)	16,566,622	17,826,368	-	-
	<u>19,174,255</u>	<u>27,035,953</u>	<u>-</u>	<u>6,566,308</u>

The original cost of the finance leases was £18,192,584 (2016: £18,192,584).

15. Finance lease receivables

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Gross amounts receivable under finance leases:				
Within one year	3,159,860	3,036,034	-	-
In the second to fifth years inclusive	13,198,896	12,891,677	-	-
After five years	11,396,181	14,862,860	-	-
Gross investment	<u>27,754,937</u>	<u>30,790,571</u>	<u>-</u>	<u>-</u>
Less unearned finance income	<u>(9,928,568)</u>	<u>(11,952,659)</u>	<u>-</u>	<u>-</u>
Present value of minimum lease payments	<u>17,826,369</u>	<u>18,837,912</u>	<u>-</u>	<u>-</u>
Receivable:				
Within one year	1,259,747	1,011,544	-	-
In the second to fifth years inclusive	7,244,185	6,219,032	-	-
After five years	9,322,437	11,607,336	-	-
	<u>17,826,369</u>	<u>18,837,912</u>	<u>-</u>	<u>-</u>

The Group did not recognise any contingent rentals during the year (2016: £Nil).

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

16. Current asset investments

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other investments	1	1	-	-

17. Cash at bank and in hand

Included in the group's cash at bank is £5,102,569 (2016: £5,183,859) of funds lodged with financial institutions as additional security for the borrowing facilities from those institutions and which are not otherwise freely available for use.

18. Creditors: Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans (note 19)	1,153,305	923,964	-	-
Other loans (note 19)	1,125,578	1,130,705	104,483	180,334
Trade creditors	104,147	233,010	98,699	131,941
Amounts owed to subsidiary undertakings	-	-	48,545,303	48,531,870
Amounts owed to group undertakings	35,183,254	37,726,824	35,183,250	37,718,085
Amounts owed to related undertakings	14,285,894	14,301,960	14,285,894	14,293,225
Other taxation and social security costs	118,787	103,440	42,412	47,891
Corporation tax	61,025	-	50,197	-
Other creditors	516,889	98,790	387,802	72,372
Accruals and deferred income	1,328,714	1,421,200	909,329	1,439,931
	<u>53,877,593</u>	<u>55,939,893</u>	<u>99,607,369</u>	<u>102,415,649</u>

The bank loans are secured against certain of the group's and company's investment and development properties.

19. Creditors: Amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	21,660,778	22,815,314	-	-
Other loans	34,314,003	35,335,098	-	-
Interest rate swaps	2,515,806	2,432,876	-	-
	<u>58,490,587</u>	<u>60,583,288</u>	<u>-</u>	<u>-</u>

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

19. Creditors: Amounts falling due after more than one year (continued)

Bank loans

The bank loans total £24,619,146 (2016: £25,782,356) and comprise loans to a subsidiary undertaking and are repayable by 2028.

All bank loans are secured by fixed and floating charges on the investment properties and the property finance leases of those subsidiary undertakings.

Bank loans of £24,619,146 (2016: £25,782,356) to one of the subsidiaries, Uni Lease No.1 Limited, are subject to cross-guarantees and cross-collateralisation of the underlying properties used as security with other bank loans to related parties. The total value of the bank loans subject to this cross-collateralisation, including the group's loans, is £99,513,841 (2016: £101,250,806), and the fair value of the financial instruments also subject to the cross-collateralisation is a liability of £23,435,431 (2016: £20,027,633).

Other loans

These loans consists of loans of £41,252,788 (2016: £42,521,512) from financial institutions which are repayable by 2060 and are secured by fixed and floating charges on the investment properties of certain subsidiaries and fellow group companies, and unsecured loans of £104,483 (2016: £180,334) which are repayable within one year.

The bank loans are repayable as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
In less than one year	1,353,200	1,163,210	104,483	180,334
One to two years	1,560,313	1,353,200	-	-
Two to five years	6,096,631	5,370,276	-	-
Over five years	15,609,002	17,895,670	-	-
	<u>24,619,146</u>	<u>25,782,356</u>	<u>104,483</u>	<u>180,334</u>
Less: finance charges allocated to future periods	(1,805,063)	(2,043,078)	-	-
	<u>22,814,083</u>	<u>23,739,278</u>	<u>104,483</u>	<u>180,334</u>
Less: included within amounts falling due within one year	(1,153,305)	(923,964)	(104,483)	(180,334)
	<u>21,660,778</u>	<u>22,815,314</u>	<u>-</u>	<u>-</u>

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

19. Creditors: Amounts falling due after more than one year (continued)

The other loans are repayable as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
In less than one year	1,443,932	1,449,058	104,483	180,334
One to two years	1,414,116	1,339,449	-	-
Two to five years	5,004,033	4,491,366	-	-
Over five years	33,495,190	35,421,973	-	-
	<u>41,357,271</u>	<u>42,701,846</u>	<u>104,483</u>	<u>180,334</u>
Less: finance charges allocated to future periods	(5,917,690)	(6,236,043)	-	-
	<u>35,439,581</u>	<u>36,465,803</u>	<u>104,483</u>	<u>180,334</u>
Less: included within amounts falling due within one year	(1,125,578)	(1,130,705)	(104,483)	(180,334)
	<u>34,314,003</u>	<u>35,335,098</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Of the amounts falling due after more than five years:				
Repayable by instalments	<u>49,104,192</u>	<u>53,317,643</u>	<u>-</u>	<u>-</u>

The bank and other loan interest rate analysis is as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Interest rate				
Loans repayable wholly or in part by instalments:				
5.0% - 6.0%	48,961,322	49,435,279	104,483	180,334
7.0% - 8.0%	17,015,095	19,048,923	-	-
	<u>65,976,417</u>	<u>68,484,202</u>	<u>104,483</u>	<u>180,334</u>

The interest rates payable are fixed either by the terms of the relevant loan agreement or by way of fixed rate interest rate swaps.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

20. Financial instruments

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial assets:				
Debt instruments measured at amortised cost	78,519,094	80,845,246	65,149,076	66,180,645
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2017	2016	2017	2016
	£	£	£	£
Financial liabilities:				
Measured at amortised cost	109,469,484	109,792,479	99,506,922	102,351,958
Measured at fair value through profit and loss				
- other financial liabilities	2,515,806	2,432,876	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	111,985,290	112,225,355	99,506,922	102,171,624
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The group has entered into fixed interest rate swaps to fix the interest rate payable on certain of the bank loans and other loans as detailed in note 19. The fair value of these swaps at 31 May 2017 is a liability of £2,515,806 (2016: £2,432,876).

The change attributable to changes in credit risk has not been calculated as this is not considered to be material.

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

21. Provisions for liabilities

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred Taxation	3,791,478	3,549,881	228,891	236,897

The movement in the year is as follows:

	Group Deferred Taxation £
Balance at 1 June 2016	3,549,881
Transfer from profit and loss account	241,597
Balance at 31 May 2017	3,791,478

The movement in the year is as follows:

	Company Deferred taxation £
Balance at 1 June 2016	236,897
Transfer from profit and loss account	(8,006)
Balance at 31 May 2017	228,891

Deferred taxation

The analysis of the deferred tax position is as follows:

Group	Provided		Unprovided	
	2017	2016	2017	2016
	£	£	£	£
Excess of tax allowances over depreciation	20,657	54,059	-	-
Other timing differences	1,590,647	1,778,693	-	-
Tax losses available	(695,377)	(1,035,672)	(5,723,000)	(6,060,000)
Surplus on revaluations	3,303,238	3,190,719	-	-
Gain held over	-	-	5,493,000	5,816,000
Interest rate swaps	(427,687)	(437,918)	-	-
	3,791,478	3,549,881	(230,000)	(244,000)

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

21. Provisions for liabilities (continued)

The analysis of the deferred tax position is as follows:

Company	Provided		Unprovided	
	2017 £	2016 £	2017 £	2016 £
Excess of tax allowances over depreciation	(22,156)	(26,983)	-	-
Tax losses available	-	-	(5,723,000)	(6,060,000)
Surplus on revaluations	251,047	263,880	-	-
Gain held over	-	-	5,493,000	5,816,000
	<u>228,891</u>	<u>236,897</u>	<u>(230,000)</u>	<u>(244,000)</u>

Other timing differences arise on the difference in recognition of net income from finance leases over the lease term at a constant rate of return and that recognised for tax purposes.

The deferred tax asset arising on certain of the unutilised losses has not been recognised, as recovery in the foreseeable future of those losses is considered remote.

The gain held over would crystallise if the subsidiary in which the gain arose was disposed of by the group.

22. Share Capital and Reserves

	2017 £	2016 £
Allotted, issued and fully paid:		
Equity shares:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Reserves

Reserves of the Group represent the following:

Retained earnings

Cumulative profit and loss net of distributions to owners

Investment property fair value reserve

Cumulative gross revaluation gains on the group's investment property.

Other Investment fair value reserve

Cumulative gross revaluation gains and losses on listed and unlisted investments.

Other reserve

Cumulative non-distributable gains arising on intra-group transactions.

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

23. Non-controlling interests

	Group £
At 1 June 2016	20,136,437
Share of profit after taxation	209,287
At 31 May 2017	20,345,724

The non-controlling interest represents a 50% holding in Rotch Properties Limited by Vertigo Overseas Limited, which is a wholly-owned subsidiary of the Group's ultimate controlling party the Tchenguiz Family Trust.

24. Reconciliation of consolidated profit after tax to net cash generated from operations

	2017 £	2016 £
Profit after tax	3,434,064	3,809,056
Adjustments for:		
Depreciation of tangible fixed assets	3,433	6,323
Profit on sale of fixed asset investment	(119,210)	(162,671)
Loss on sale of tangible fixed assets	8,083	-
Fair value gains on investment properties	(3,008,000)	(5,514,000)
Share of profit of Associates	(145,775)	(116,847)
Fair value deficit on investments	122,978	102,772
Interest receivable	(1,144,844)	(1,283,810)
Interest payable	4,582,378	6,942,880
Taxation	305,283	232,460
Operating cash flow before movements in working capital	4,038,390	4,016,163
Decrease in stock	690,000	77,500
(Increase)/decrease in trade and other debtors	(1,410,996)	9,830,915
Increase in trade and other creditors	234,692	31,972
Decrease in related party debtors	3,746,823	4,550,723
Decrease in related party creditors	(2,559,636)	(2,355,514)
	700,883	12,135,596
Cash generated from operations	4,739,273	16,151,759
Cash and cash equivalents		
	2017 £	2016 £
Cash and cash equivalents represent:		
Cash at bank	5,144,336	5,266,907

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

25. Commitments

Commitments under operating leases

The Group as a lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Leases which expire:-				
Within one year	2,216,990	2,111,020	2,136	2,848
Within 2 to 5 years	10,731,765	10,260,438	-	2,136
After 5 years	112,603,695	115,292,012	-	-
	<u>125,552,450</u>	<u>127,663,470</u>	<u>2,136</u>	<u>4,984</u>

The Company as a lessee:

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Leases which expire:-				
Within one year	-	-	2,136	2,848
Within 2 to 5 years	-	-	-	2,136
	<u>-</u>	<u>-</u>	<u>2,136</u>	<u>4,984</u>

The leases of land and buildings are subject to periodic review.

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

25. Commitments (continued)

Commitments under operating leases (continued)

The Group as a lessor

At the year end, the Group had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease payments:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts receivable:-				
Within one year	5,209,712	5,026,900	-	-
Within 2 to 5 years	22,978,336	22,252,826	-	-
After 5 years	216,343,115	222,275,969	-	-
	<u>244,531,163</u>	<u>249,555,695</u>	<u>-</u>	<u>-</u>

The rental received under operating leases was £5,043,486 (2016: £4,869,704). This is made up of 8 leases which have between 8 and 122 years remaining. There is also a lease held under a 999 year lease for a peppercorn rent.

Capital commitments

Group and Company

	2017	2016
	£	£
Investment in venture funds	<u>121,718</u>	<u>127,641</u>

ROTCH PROPERTY GROUP LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2017****26. Contingencies and guarantees**

The company has undertaken to provide limited financial support to certain of its subsidiary undertakings and to certain of its related party undertakings which are ultimately controlled by the Tchenguiz Family Trust, so as to assist the companies in meeting their operational costs as they arise.

The company has also guaranteed:

- (1) the shortfall in the triennial valuation tests of loans advanced to a related company. There is no current shortfall in the valuation tests.
- (2) the swap break costs in the event of the repayment of a loan advanced to a related party and any shortfall in rentals. The estimated swap break costs as at 31 May 2017 are £3.3m (2016: £2.6m) and the company's exposure under the guarantee is estimated as £3.3m (2016: £2.6m) as at 31 May 2017.
- (3) the covenants entered into by a related company in respect of its occupational lease of office premises at an annual rental of £1.0m (2016: £1.0m). Currently the rentals are being met when demanded.

As at 31 May 2017 and to date there have been no calls under the above guarantees and the directors do not expect this to change in the foreseeable future. Therefore, no provision has been made.

27. Related party transactions

The group is related to fellow subsidiaries of Sunnymist Limited (the company's ultimate parent) with whom in many cases it has directors in common. At the balance sheet date the following amounts were due to/from the following companies:

Amounts owed by group companies

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bartonpath Limited	525,563	532,284	-	-
Beamlock Limited	4,579,185	4,403,792	4,579,185	4,403,792
Five Mile Limited *	1,589,382	1,712,230	1,589,382	1,712,230
Genmead Limited	2,268,094	2,373,271	150,380	228,482
VR Hotel (Holdings) Limited	219,995	219,995	219,995	219,995
Sunnymist Limited	4,431,152	4,461,210	4,431,152	4,461,210
Tamevale Limited	33,745,182	32,971,592	33,745,182	32,971,592
	<u>47,358,553</u>	<u>46,674,374</u>	<u>44,715,276</u>	<u>43,997,301</u>
Less provisions	(32,614,802)	(29,657,740)	(32,614,802)	(29,657,740)
	<u>14,743,751</u>	<u>17,016,634</u>	<u>12,100,474</u>	<u>14,339,561</u>

ROTCH PROPERTY GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

27. Related party transactions (continued)

Amounts owed by group companies (continued)

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts due within one year	12,136,118	14,373,357	12,100,474	14,339,561
Amounts due in more than one year	2,607,633	2,643,277	-	-
	<u>14,743,751</u>	<u>17,016,634</u>	<u>12,100,474</u>	<u>14,339,561</u>

* and their subsidiaries

Amounts owed to group companies

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bartonpath Limited	144,500	112,925	144,500	112,925
Five Mile Limited *	30,569,099	33,121,535	30,569,095	33,121,535
Vin-Rotch Properties Limited Inc	-	8,739	-	-
VR Hotel (Holdings) Limited*	4,469,655	4,483,625	4,469,655	4,483,625
	<u>35,183,254</u>	<u>37,726,824</u>	<u>35,183,250</u>	<u>37,718,085</u>

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts due within one year	35,183,254	37,726,824	35,183,250	37,718,085
Amounts due in more than one year	-	-	-	-
	<u>35,183,254</u>	<u>37,726,824</u>	<u>35,183,250</u>	<u>37,718,085</u>

* and their subsidiaries

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Interest receivable from group companies	1,057,811	1,225,327	915,230	1,080,983
	<u>1,057,811</u>	<u>1,225,327</u>	<u>915,230</u>	<u>1,080,983</u>
Management fees receivable from group companies	50,050	59,150	50,050	50,050
	<u>50,050</u>	<u>59,150</u>	<u>50,050</u>	<u>50,050</u>

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

27. Related party transactions (continued)

The group is related to other companies controlled by the Tchenguiz Family Trust and to other companies with whom in many cases it has a director in common. The company also provides funding to, and receives funding from other Tchenguiz family trusts, of which the directors R Tchenguiz and V Tchenguiz are a beneficiary and certain companies controlled by those trusts.

At the balance sheet date the following amounts were due to/from these related parties:

Amounts owed by related undertakings

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Velerino Overseas Limited	-	232,948	-	232,948
Dunain Holdings Limited	-	813,330	-	813,330
Challenger Investments Limited*	11,000	7,500	11,000	7,500
Crowlane Limited	146,727	151,926	146,727	151,926
Holaw (546) Limited	740,658	740,658	740,658	740,658
Lanespace Limited*	16,396,487	15,586,043	16,396,487	15,586,043
Leconfield House Limited	278,357	278,368	278,357	278,368
R20 Limited*	23,488,081	23,488,054	23,488,081	23,488,054
Valleytown Limited	-	-	-	-
Vimelator Holdings Limited	-	27,068	-	27,068
Vincos Limited	23,338,737	24,926,804	23,329,237	24,907,604
Valleytown Holdings Limited	-	286,222	-	286,222
Other entities	255,472	249,562	255,472	249,562
	<u>64,655,519</u>	<u>66,788,483</u>	<u>64,646,019</u>	<u>66,769,283</u>
Less provisions	(21,594,525)	(22,253,549)	(21,594,525)	(22,253,549)
	<u>43,060,994</u>	<u>44,534,934</u>	<u>43,051,494</u>	<u>44,515,734</u>
	<u>43,060,994</u>	<u>44,534,934</u>	<u>43,051,494</u>	<u>44,515,734</u>
Amounts due within one year	43,060,994	37,968,626	43,051,494	37,949,426
Amounts due in more than one year	-	6,566,308	-	6,566,308
	<u>43,060,994</u>	<u>44,534,934</u>	<u>43,051,494</u>	<u>44,515,734</u>

* and their subsidiaries

ROTCH PROPERTY GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

27. Related party transactions (continued)

Amounts owed to related undertakings

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Newton Properties Limited	14,069,653	14,069,653	14,069,653	14,069,653
Other entities	216,241	232,307	216,241	223,572
	<u>14,285,894</u>	<u>14,301,960</u>	<u>14,285,894</u>	<u>14,293,225</u>
Amounts due within one year	14,285,894	14,301,960	14,285,894	14,293,225
Amounts due in more than one year	-	-	-	-
	<u>14,285,894</u>	<u>14,301,960</u>	<u>14,285,894</u>	<u>14,293,225</u>

* and their subsidiaries

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Management fees receivable from related parties	<u>421,548</u>	<u>312,793</u>	<u>133,200</u>	<u>140,700</u>
Professional fees payable to related parties	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>

The company and group occupy offices under an annually renewable licence from R20 Advisory Limited, a company related by virtue of a common beneficiary. The rent paid during the year was £95,269 (2016: £123,270).

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

28. Immediate and ultimate parent company

The company's immediate parent company is Vin-Rotch Properties Limited Inc., a company incorporated in the Republic of Panama.

The company's ultimate parent company is Sunnymist Limited, a company incorporated in the British Virgin Islands.

29. Ultimate controlling party

The ultimate controlling party is the Tchenguiz Family Trust.