

Registered number: 01799743

THE LONDON OUTPOST LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



THE LONDON OUTPOST LIMITED

COMPANY INFORMATION

DIRECTORS	M El-Solh M Thevenoux
COMPANY SECRETARY	K Millie-James
REGISTERED NUMBER	01799743
REGISTERED OFFICE	Unit 2 Capital Business Park Manor Way Borehamwood Hertfordshire WD6 1GW
INDEPENDENT AUDITORS	Bishop Fleming Bath Limited Chartered Accountants & Statutory Auditors Minerva House Lower Bristol Road Bath BA2 9ER

THE LONDON OUTPOST LIMITED

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THE LONDON OUTPOST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The company's principal activity throughout the year was that of property investment.

DIRECTORS

The directors who served during the year were:

M El-Solh
M Thevenoux

GOING CONCERN

The company relies on the support of fellow group companies. The directors have received assurance that this support will be ongoing for at least 12 months from the approval of these financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, Bishop Fleming Bath Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



M Thevenoux
Director

Date: 25.9.2017

Unit 2 Capital Business Park
Manor Way
Borehamwood
Hertfordshire
WD6 1GW

THE LONDON OUTPOST LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE LONDON OUTPOST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE LONDON OUTPOST LIMITED

We have audited the financial statements of The London Outpost Limited for the year ended 31 December 2016, set out on pages 5 to 17. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement on page 2, 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 Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

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 Directors' Report.

THE LONDON OUTPOST LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE LONDON OUTPOST LIMITED
(CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



Simon Morrison FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date: 29/1/2017

THE LONDON OUTPOST LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Administrative expenses		(177,666)	(144,878)
Other operating income		-	1,565
Unrealised loss on revaluation of investment property		(7,676,315)	(3,982,256)
OPERATING LOSS	4	(7,853,981)	(4,125,569)
Interest payable and expenses	5	(43,608)	-
LOSS BEFORE TAX		(7,897,589)	(4,125,569)
Tax on loss	6	545,000	1,360,000
LOSS FOR THE YEAR		(7,352,589)	(2,765,569)

There was no other comprehensive income for 2016 (2015: £NIL).

The notes on pages 8 to 17 form part of these financial statements.

THE LONDON OUTPOST LIMITED
REGISTERED NUMBER:01799743

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investment property	7	8,500,000	11,500,000
		<u>8,500,000</u>	<u>11,500,000</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	251,858	263,026
Cash at bank and in hand	9	98,146	7,004
		<u>350,004</u>	<u>270,030</u>
Creditors: amounts falling due within one year	10	(11,335,900)	(6,358,337)
NET CURRENT LIABILITIES		(10,985,896)	(6,088,307)
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,485,896)	5,411,693
PROVISIONS FOR LIABILITIES			
Deferred tax	12	-	(545,000)
		<u>-</u>	<u>(545,000)</u>
NET (LIABILITIES)/ASSETS		(2,485,896)	4,866,693
CAPITAL AND RESERVES			
Called up share capital	13	1,210,282	1,210,282
Share premium account	14	186,617	186,617
Profit and loss account	14	(3,882,795)	3,469,794
		<u>(2,485,896)</u>	<u>4,866,693</u>

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



M Thevenoux
Director

Date: 25.9.2017

The notes on pages 8 to 17 form part of these financial statements.

THE LONDON OUTPOST LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	1,210,282	186,617	3,469,794	4,866,693
Loss for the year	-	-	(7,352,589)	(7,352,589)
AT 31 DECEMBER 2016	1,210,282	186,617	(3,882,795)	(2,485,896)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	1,210,282	186,617	6,235,363	7,632,262
Loss for the year	-	-	(2,765,569)	(2,765,569)
AT 31 DECEMBER 2015	1,210,282	186,617	3,469,794	4,866,693

The notes on pages 8 to 17 form part of these financial statements.

THE LONDON OUTPOST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The London Outpost Limited is a limited liability company incorporated in England and Wales. The registered office is Unit 2 Capital Business Park, Manor Way, Borehamwood, Hertfordshire, WD6 1GW.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of M1 Group Limited as at 31 December 2016.

2.3 GOING CONCERN

The company relies on the support of fellow group companies. The directors have received assurance that this support will be ongoing for at least 12 months from the approval of these financial statements.

2.4 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.5 DEBTORS

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

2.6 CASH AND CASH EQUIVALENTS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

2.7 FINANCIAL INSTRUMENTS

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

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

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

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

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

2.8 CREDITORS

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

THE LONDON OUTPOST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

2.9 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.10 FINANCE COSTS

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

2.11 BORROWING COSTS

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.12 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

THE LONDON OUTPOST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

2.13 CURRENT AND DEFERRED TAXATION

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgments and estimates. Due to the straightforward nature of the company, the directors believe the following are the only areas where significant judgment has been exercised:

Valuation of investment property

At each year end the company revalues its investment property. The valuation in the accounts is based on the open market value for existing use basis, as determined by a suitably qualified third party. See note 7 for further information.

Deferred tax

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the future taxable profits. As the company does not currently recognise any trading income the directors have taken the decision to not recognise a deferred tax asset in the accounts.

THE LONDON OUTPOST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. OPERATING LOSS

The operating loss is stated after charging:

	2016 £	2015 £
Unrealised loss on revaluation of investment property	7,676,315	3,982,256
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	4,350	4,350
Exchange differences	<u>(4,813)</u>	<u>(78)</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest payable	<u>43,608</u>	-
	<u>43,608</u>	<u>-</u>

6. TAXATION

	2016 £	2015 £
DEFERRED TAX		
Deferred tax credit due to year end investment property valuation	<u>(545,000)</u>	(1,360,000)
TAXATION ON LOSS ON ORDINARY ACTIVITIES	<u>(545,000)</u>	<u>(1,360,000)</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax charge for the year was affected by the movement on deferred tax relating to revaluation of investment property at the year end. The deferred tax movement is calculated on the estimated tax liability which would be due if the investment property held by the company was sold at the year end valuation. See note 7 for further information.

THE LONDON OUTPOST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 1 January 2016	11,500,000
Additions at cost	4,676,315
Surplus on revaluation	(7,676,315)
AT 31 DECEMBER 2016	8,500,000

The investment property is owned on a freehold basis. The company uses the fair value model for subsequent measurement of investment property. In accordance with section 16 of FRS 102 the investment property is revalued at each year end by an external valuer. The valuation at 31 December 2016 was made by Savills, professional valuers.

The investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

If the investment property was sold at the year end valuation shown in the accounts the company would have an estimated tax liability of £Nil (2015: £545,000). See note 12 for further information.

THE LONDON OUTPOST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. DEBTORS

	2016 £	2015 £
Other debtors	245,773	245,763
Prepayments and accrued income	6,085	17,264
	<u>251,858</u>	<u>263,027</u>

9. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	98,146	7,004
	<u>98,146</u>	<u>7,004</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank loans	2,805,428	-
Trade creditors	389,267	4,476
Amounts owed to group undertakings	8,135,985	6,348,812
Accruals and deferred income	5,220	5,050
	<u>11,335,900</u>	<u>6,358,338</u>

The company's bank loan is secured over a fixed charge over the investment property of the company and is guaranteed by other group companies. See note 15 for further information. Interest is charged on the loan at 2.63% and the loan is due for repayment within one year from the balance sheet date.

THE LONDON OUTPOST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	98,146	7,004
Financial assets that are debt instruments measured at amortised cost	245,774	245,763
	<u>343,920</u>	<u>252,767</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(11,335,900)	(6,358,338)
	<u>(11,335,900)</u>	<u>(6,358,338)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans, amounts owed to group undertakings and accruals.

12. DEFERRED TAXATION

	2016 £
At beginning of year	(545,000)
Credited to profit or loss	545,000
At end of year	<u>-</u>

THE LONDON OUTPOST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13. SHARE CAPITAL

	2016 £	2015 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
4,321,528 Ordinary A shares of £0.25 each	1,080,382	1,080,382
250,000 Ordinary B shares of £0.50 each	125,000	125,000
4,900 Preference shares of £1 each	4,900	4,900
	<u>1,210,282</u>	<u>1,210,282</u>

Except as outlined below, each category of shares rank pari passu but constitute separate classes of shares. The rights attached to each share are as follows:

The holders of the A Ordinary shares have full voting rights and entitlement to dividends. The holders of the A Ordinary shares are entitled to 1 vote per share.

The holders of the B Ordinary shares have full voting rights and entitlement to dividends. The holders of the B Ordinary shares are entitled to a dividend equal to 170 times the sum payable in respect of each A Ordinary Share. The holders of the B Ordinary shares are entitled to 170 votes for each B share held.

The holders of the Preference shares have full voting rights but no entitlement to dividends. The holders of the Preference shares are entitled to 1 vote per share.

14. RESERVES

Share premium account

The share premium reserve includes any premiums received on the issue of the share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profit and losses. Included within the profit and loss account reserve at 31 December 2016 is £nil (2015: £4,681,250) of non-distributable reserves relating to unrealised gains on the revaluation of investment property and related movements on deferred tax. The distributable element of the profit and loss reserve had a deficit balance of £1,432,730 (2015: £1,211,456) at the year end.

15. CONTINGENT LIABILITIES

The company, along with other group companies, has entered into a finance facility agreement with HSBC Private Bank Suisse S.A. Under the terms of the agreement the companies are entitled to request loans of up to £45,360,000 to finance ongoing property development. Of this £45,360,000, the company is entitled to request loans of £11,600,000. As at 31 December 2016 the company had received £2,805,428 of funding under this agreement.

Tiverton Global Limited, a fellow group company, is one of the other companies listed in the agreement and is entitled to request loans of £11,620,000 under two separate financing facilities. The company, along with several other group companies, acts as a guarantor of one of these financing facilities of up to £10,800,000 on behalf of Tiverton Global Limited. At the year end Tiverton Global Limited had received £10,800,000 of this funding.

THE LONDON OUTPOST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. RELATED PARTY TRANSACTIONS

At the year end the company owed £8,135,985 (2015: £6,348,812) to a wholly owned group company.

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with wholly owned group companies.

17. CONTROLLING PARTY

The company is a 100% subsidiary undertaking of Pipestone Properties Limited, a company incorporated in the United Kingdom. The ultimate parent company is M1 Group Limited, a company incorporated in Dubai (DFIC). There is no ultimate controlling party.

Subsequent to the year end on 3 April 2017, the entire share capital of Tiverton Global Limited, the parent company of Pipestone Properties Limited, has been acquired by A Mikati, a shareholder of M1 Group Limited. On this date A Mikati became the ultimate controlling party of the company.