

**MINERVA LIMITED
(formerly MINERVA PLC)**

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2014

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MINERVA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

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MINERVA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

COMPANY INFORMATION

Directors	Ivan Ezekiel Tim Garnham Paul Goswell Wilson Lamont John Robertson Colin Wagman
Company number	2649607
Registered Office	40 Queen Anne Street London W1G 9EL
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

MINERVA LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their Strategic Report for the year ended 31 December 2014.

Principal Activities and Business Review

The principal activities of the Group and its subsidiaries are property investment, development, management and sale of real estate in the UK.

Financial Results

The Group's investment property portfolio was valued at £603.7 million (31 December 2013: £644.9 million) having made disposals in the year.

Profit before tax for the year, incorporating property revaluation movements of the Group's investment portfolio only, was £52.2 million (2013: £140.4 million). After taxation, the Group's profit for the year was £52.2 million (2013: £138.9 million). Dividends of £71.9 million have been paid during this financial year (2013: £nil).

Net asset value attributable to equity shareholders at 31 December 2014 decreased to £305.3 million (31 December 2013: £309.6 million).

Financing

The Group has a number of bank loan financings in place, with total committed loan facilities of approximately £379.0 million at 31 December 2014 (2013: £350.4 million), including undrawn loan facilities of nil (2013: £3.6 million).

Financial instruments

Financial risk and credit risk management objectives and policies are set out in note 18 to the Accounts. The Group enters into loan arrangements which expose it to the risk of interest rate fluctuations. The Group addresses such risks by purchasing interest rate hedging instruments, the fair value of which has been recognised in the financial statements. The valuation of such instruments at 31 December 2014 showed a deficit of £7.8 million (2013: £26.5 million) after settling a swap in the year.

Other performance indicators

In addition to its key financial performance indicator, net asset value, the Group monitors non-financial performance indicators which have a direct impact on the sustainability of the Group's strategy. Key performance indicators are:

- The health and safety of employees and contractors is carefully monitored by the Board. There were no reportable incidents during the year (2013: no reportable incident). Minerva maintains policies and procedures which support safe working practices.

Key risks and uncertainties

The Group's main risks and uncertainties revolve around:

- the business environment, where external economic and market forces may adversely affect the Group's business model;
- exposure to interest rate risk, liquidity risk and credit risk;
- continued availability of funding and compliance with covenants;
- the property market, where speculative developments may not achieve appropriate planning approvals and/or may suffer from poor market demand from tenants or buyers;
- changes in legislation, regulation or best practice, particularly in relation to planning and taxation, which may impact the costs, timings and profitability of the Group's schemes in progress, and
- failure in corporate responsibility, including breaches of health and safety, environmental regulations and planning guidelines.

MINERVA LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

The Group addresses these risks through the effective implementation of its strategy and a risk and control process, which is monitored by the Board.

Strategy and future developments

The Group's objective is to deliver attractive returns to shareholders through investment, development, sale and management of UK real estate.

The Group's strategy is to focus on real estate opportunities where Minerva has inherent skills, such as site assembly, planning and construction; predominantly located in Central London and relating to high-end residential, mixed-use and office developments; working with joint venture partners where appropriate, and incorporating structured finance to drive returns.

This strategy is being implemented through the delivery of high quality, well located real estate and a development pipeline which can provide the Group with future opportunities to develop, either solely or in joint venture with others, whilst adhering to risk-adjusted return disciplines.

Priorities to deliver further value include leasing the remaining space at The Walbrook Building on competitive terms; and the achievement of an enhanced planning consent for the enlarged Odeon Kensington site. Progress on the Group's principal properties during the financial year is set out below.

The Walbrook Building, London EC4

The Walbrook Building, located in the City of London, was developed to provide some 410,000 sq. ft. of air-conditioned offices and storage, incorporating trading floors and 35,000 sq. ft. of retail, restaurant and other accommodation in the heart of the City of London.

Following on from 2013, the Group continued with its marketing strategy and successfully leased much of the remaining accommodation to a combination of tenants. The balance of the accommodation is being actively marketed through leasing agents, some of which is currently under offer.

Odeon Kensington, London W8

The Odeon is located in a prime residential area on Kensington High Street and has planning consent for an 'all-private' residential scheme of around 100,000 sq. ft. comprising 35 apartments, five town houses, a basement car park, multi-screen public cinema and off-site affordable housing.

The Group has acquired some adjacent property interests and is working towards a planning consent for a larger scheme, encompassing the additional land holdings.

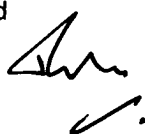
Ram Brewery, London SW18

The Ram Brewery site comprises approximately 8.5 acres in Wandsworth Town Centre. In respect of this site, a planning application for a residential led, mixed-use scheme was granted in December 2013 following which the Group agreed to sell the entire site. The sale completed in June 2014.

The Croydon Estate, London Borough of Croydon

Minerva's Croydon Estate comprises approximately 6 acres in the town centre, incorporating one million sq. ft. of offices, the former Alders Department Store and additional retail and leisure accommodation. The focus during the year has been on income generation through progressing lettings of the retail and office space and exploring planning options for the site.

By order of the Board
P Goswell
Director
14 April 2015



MINERVA LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The Directors present their report and the audited consolidated financial statements of the Group and of the Company for the year ended 31 December 2014.

DIRECTORS

The Directors of the Company who served during the year were as follows:

Ivan Ezekiel
Tim Garnham
Paul Goswell
Wilson Lamont
John Robertson
Colin Wagman

Directors' qualifying third party indemnity provisions

Under the provisions of its Articles of Association, the Company has indemnified its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force throughout the financial year and remains in force on the date of approval of the Directors' Report.

SHARE CAPITAL

The Company has a single class of share capital which is divided into ordinary shares of 25 pence each. Details of the Company's share capital are set out in note 21 to the Accounts. The rights and obligations that are attached to the shares are set out in the Company's Articles of Association unless specified by law or regulation. There are no restrictions on voting rights or the transfer of shares other than as specified by the Articles of Association, law or regulation. During the year, the Company undertook a recapitalisation and reduced the share capital to 1 ordinary share of 25 pence.

GOING CONCERN

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

AUDITORS

Disclosure of information to auditors

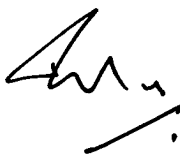
So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

A resolution to reappoint Ernst & Young LLP as auditor to the Company will be proposed at a General Meeting of the Company at which the accounts are laid before the members.

By order of the Board

P Goswell
Director
14 April 2015



MINERVA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2014

The directors are responsible for preparing the Strategic Report, 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 International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MINERVA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINERVA LIMITED YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Minerva Limited for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity, the Accounting Policies and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 group's and the parent 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 Annual 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 group's and of the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 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.

MINERVA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINERVA LIMITED YEAR ENDED 31 DECEMBER 2014

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 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.

Ernst & Young LLP

Matthew Williams (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 April 2015

MINERVA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

Consolidated income statement

	Note	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Continuing operations			
Revenue	2	26,119	56,074
Property outgoings and cost of sales	2	(7,542)	(26,088)
Net property income	2	18,577	29,986
Administrative expenses		(10,350)	(7,689)
Other income		132	159
Profit on sale of investment properties		1,515	43,637
Surplus on revaluation of investment properties	9	83,496	112,489
Operating profit	3	93,370	178,582
Finance costs	5	(44,422)	(52,422)
Finance income	6	3,256	14,216
Net finance costs		(41,166)	(38,206)
Profit before taxation		52,204	140,376
Taxation	7	-	(1,491)
Profit for the year		52,204	138,885
Attributable to:			
Equity shareholders of the parent		52,204	139,448
Non-controlling interest		-	(563)
Profit for the year		52,204	138,885

MINERVA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

Consolidated statement of comprehensive income

		Year to 31 December 2014 £000	Year to 31 December 2013 £000
	Note		
Profit for the year		52,204	138,885
Other comprehensive income			
Net gain on cash flow hedges	17	(1,119)	13,983
Recycling of cash flow hedge reserve	5	16,525	3,709
Other comprehensive income for the year, net of tax		15,406	17,692
Total comprehensive income for the year		67,610	156,577
Attributable to:			
Equity shareholders of the parent		67,610	157,140
Non-controlling interest		-	(563)
Total comprehensive income for the year		67,610	156,577

All items included within other comprehensive income will be recycled through the consolidated income statement in future periods.

MINERVA LIMITED


REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

Consolidated statement of financial position

	Note	As at 31 December 2014 £000	As at 31 December 2013 £000
Assets			
Non-current assets			
Investment properties	9	580,379	499,743
Property, plant and equipment	10	42	63
Derivative financial instruments	17	319	62
Other financial assets	12	10	5
		580,750	499,873
Current assets			
Trading properties	13	59,489	51,197
Trade and other receivables	14	49,639	16,356
Cash and cash equivalents	15	16,649	62,262
		125,777	129,815
Investment properties held for sale	9	-	137,300
Total assets		706,527	766,988
Liabilities			
Current liabilities			
Trade and other payables	16	(15,342)	(27,355)
Borrowings	17	(16,392)	(89,554)
Provisions for other liabilities and charges	20	(1,312)	(2,230)
		(33,046)	(119,139)
Non-current liabilities			
Borrowings	17	(359,815)	(311,129)
Derivative financial instruments	17	(8,069)	(26,516)
Provisions for other liabilities and charges	20	(308)	(604)
		(368,192)	(338,249)
Total liabilities		(401,238)	(457,388)
Net assets		305,289	309,600
Equity			
Called up share capital	21	-	41,948
Share premium account		-	198,448
Other reserves		(8,572)	16,095
Profit and loss account		313,861	53,109
Total equity		305,289	309,600

The financial statements on pages 9 to 35 were approved by the Board of Directors for issue on 14 April 2015 and were signed on its behalf by:


P Goswell
Director

MINERVA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

Parent company statement of financial position

	Note	As at 31 December 2014 £000	As at 31 December 2013 £000
Assets			
Non-current assets			
Investment in subsidiary undertakings	11	38,239	38,239
		38,239	38,239
Current assets			
Trade and other receivables	14	112,786	103,300
Cash and cash equivalents		299	299
		113,085	103,599
Total assets		151,324	141,838
Liabilities			
Current liabilities			
Trade and other payables	16	(101,868)	(696)
		(101,868)	(696)
Non-current liabilities			
Borrowings	17	-	(57,107)
		-	(57,107)
Total liabilities		(101,868)	(57,803)
Net assets		49,456	84,035
Equity			
Called up share capital	21	-	41,948
Share premium account		-	198,448
Other reserves		-	14,315
Profit and loss account		49,456	(170,676)
Total equity		49,456	84,035

The financial statements on pages 12 to 35 were approved by the Board of Directors for issue on 14 April 2015 and were signed on its behalf by:



P Goswell
Director



MINERVA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

Statements of changes in equity

Group	Attributable to equity shareholders					Non-controlling interest £000	Total (deficit)/ equity £000
	Share capital £000	Share premium £000	Other reserves £000	Retained deficit £000	Total £000		
1 January 2013	41,948	198,448	(1,597)	(86,339)	152,460	22,830	175,290
Profit for the year	-	-	-	139,448	139,448	(563)	138,885
Other comprehensive income	-	-	17,692	-	17,692	-	17,692
Total comprehensive income	-	-	17,692	139,448	157,140	(563)	156,577
Dividend paid to non controlling interest	-	-	-	-	-	(15,000)	(15,000)
Disposal of non-controlling interest	-	-	-	-	-	(7,267)	(7,267)
1 January 2014	41,948	198,448	16,095	53,109	309,600	-	309,600
Profit for the year	-	-	-	52,204	52,204	-	52,204
Other comprehensive income	-	-	15,406	-	15,406	-	15,406
Dividends paid	-	-	-	(71,921)	(71,921)	-	(71,921)
Recapitalisation	(41,948)	(198,448)	(40,073)	280,469	-	-	-
Total comprehensive income	(41,948)	(198,448)	(24,667)	260,752	(4,311)	-	(4,311)
31 December 2014	-	-	(8,572)	313,861	305,289	-	305,289

Company	Attributable to equity shareholders				
	Share capital £000	Share premium £000	Other reserves £000	Retained deficit £000	Total £000
1 January 2013	41,948	198,448	21,370	(170,222)	91,544
Loss for the year	-	-	(7,055)	(454)	(7,509)
1 January 2014	41,948	198,448	14,315	(170,676)	84,035
Recapitalisation	(41,948)	(198,448)	(14,315)	254,711	-
Profit for the year	-	-	-	37,342	37,342
Dividends paid	-	-	-	(71,921)	(71,921)
31 December 2014	-	-	-	49,456	49,456

MINERVA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

Consolidated cash flow statement

		Year to 31 December 2014	Year to 31 December 2013
	Note	£000	£000
Cash flows from operations	26	(29,582)	18,566
Interest received		229	211
Interest paid		(22,094)	(44,816)
Income taxes paid		-	(3,325)
Cash flows from operating activities		(51,447)	(29,364)
Investing activities			
Additions to investment properties		(7,924)	(21,047)
Additions to property, plant and equipment		-	(64)
Receipts from sale of investment properties		138,327	417,820
(Cost of)/receipts from sale of other investments		(5)	6
Receipts from sale of subsidiaries		-	6,169
Receipts from sale of property, plant and equipment		3	-
Cash flows from investing activities		130,401	402,884
Financing activities			
New loans		327,934	41,406
Issue costs of loans		(10,422)	(785)
Repayment of loans		(352,853)	(370,973)
Settlement of derivatives		(17,305)	(28,120)
Amounts paid to non-controlling interest		-	(28,436)
Dividends paid		(71,921)	-
Cash flows from financing activities		(124,567)	(386,908)
Net decrease in cash and cash equivalents		(45,613)	(13,388)
Cash and cash equivalents at beginning of year		62,262	75,650
Cash and cash equivalents at end of year		16,649	62,262

Parent Company cash flow statement

		Year to 31 December 2014	Year to 31 December 2013
	Note	£000	£000
Cash flows from operations	26	71,769	-
Interest received		152	-
Cash flows from operating activities		71,921	-
Financing activities			-
Dividends paid		(71,921)	-
Cash flows from operating activities		(71,921)	-
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		299	299
Cash and cash equivalents at end of year		299	299

MINERVA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

Minerva Limited is a limited liability company incorporated and domiciled in the United Kingdom. The Group's financial statements consolidate those of the Company and its subsidiaries ('the Group').

The Group and Parent Company financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The consolidated financial statements of the Group are presented in UK Sterling, the functional and presentational currency of each company within the Group.

Accounting standards, amendments and interpretations

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year ending 31 December 2014:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.
- Annual Improvements 2010-2012 Cycle
In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.
- Annual Improvements 2011-2013 Cycle
In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

MINERVA LIMITED

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YEAR ENDED 31 DECEMBER 2014

1. Accounting policies (cont.)

Measurement convention

The consolidated financial statements of the Group have been prepared in accordance with EU endorsed IFRS, IFRIC interpretations, the Companies Act 2006 applicable to companies reporting under IFRS, and the historical cost convention as modified by the inclusion of investment properties, other financial assets and financial instruments at fair value.

Areas requiring the use of estimates and critical judgement that may impact on the Group's earnings and financial position include:

- valuation of investment properties, where the Board has adopted the external valuations carried out by professionally qualified valuers, CBRE, in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors
- valuation of investment properties held for sale in the prior year, where the Board adopted a Directors' valuation based on a contracted sales price
- valuation of derivative financial instruments, where the Board has adopted the valuation carried out by JC Rathbone Associates Limited, finance risk consultants.

Other areas of judgement, risk and uncertainty, which are relevant to an understanding of the financial results and position of the Group, are referred to in the Strategic Report.

Items measured at fair value are categorised within the following hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- inputs for the asset or liability are not based on observable market data (level 3)

For assets and liabilities that are recognised in the financial statements on a recurring bases, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Basis of consolidation

The consolidated financial statements of the Group include the financial results of subsidiaries acquired during the year from the effective date of acquisition, being the date on which the Group obtains control. Business combinations are accounted for under the acquisition method. Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Group's consolidated financial statements. Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are deconsolidated from the date that control ceases.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Investments in subsidiaries

Investments in subsidiaries are held in the Company statement of financial position at cost and reviewed annually for impairment.

MINERVA LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2014

1. Accounting policies (cont.)

Revenue

- Property revenue comprises rental income from operating leases, service charge income and other amounts receivable from tenants. Rental income and lease incentives to tenants are recognised in the income statement on a straight-line basis over the lease term.
- In respect of residential unit sales, revenue, being the fair value of consideration received or receivable, is recognised when the significant risks and rewards of ownership have been transferred to the purchaser. Non-refundable deposits are not recognised as revenue until the sale has been recognised or the deposit forfeited by the purchaser.
- Other income comprises non-property revenue and other sundry amounts earned on an accruals basis.

Property expenses

Refurbishment expenditure in respect of major works is capitalised. Renovation and refurbishment expenditure of a revenue nature is charged to the income statement as incurred.

Costs directly attributable to the arrangement of a lease, which include letting and professional fees, are capitalised and amortised over the lease term.

Investment properties

Investment properties are properties held for long-term rental income and for capital appreciation and are measured initially at cost, including related transaction costs, and subsequently at fair value. Changes in the fair value of an investment property at the statement of financial position date and its carrying amount prior to re-measurement, are recorded in the income statement.

Additions to properties in the course of development or refurbishment include the cost of finance and directly attributable internal and external costs incurred during the period of development until practical completion.

Trading properties

Trading properties are properties held for sale and are included in the statement of financial position at the lower of cost and net realisable value.

Property transactions

Purchases and sales are recognised on exchange of contracts provided that, if the exchange is conditional, all material conditions have been satisfied shortly thereafter.

Property, plant and equipment

This category comprises motor vehicles and fixtures and fittings. These assets are stated at historical cost, less accumulated depreciation and any accumulated impairment. Motor vehicles and fixtures and fittings are depreciated on a straight-line basis over their estimated useful lives of between three and five years.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

Leases – the Group as a lessee

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

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1. Accounting policies (cont.)

Rentals payable under operating leases are charged to the income statement over the term of the lease on a straight-line basis.

Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments and amortised over the shorter of the lease term and useful economic life. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with banks and short-term liquid investments.

Borrowings

Borrowings are included in the financial statements, initially at fair value, net of transaction costs incurred, which are amortised over the life of the loan. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

Derivative financial instruments

The Group's derivative financial instruments comprise interest rate swaps, which are entered into in order to manage interest rate risk from its activities. All derivative financial instruments are recorded at fair value based on market prices, estimated future cash flows and quoted forward rates as appropriate.

The Group applies hedge accounting where the financial instruments meet the relevant criteria and represent a cash flow hedge. Changes in fair value of such financial instruments that are designated and effective as hedges are recognised directly in reserves, to be transferred to the income statement in the period during which the hedge item is recognised in the income statement. Any ineffective portion of hedge accounted instruments is recognised immediately in the income statement as a finance cost. In all other cases movements in the fair value of derivative financial instruments are taken to the income statement.

Amounts payable and receivable under such arrangements are included within net finance costs, recognised on an accruals basis.

The fair value of a hedge accounted instrument is classified as a non-current asset or liability when the maturity of the hedged item is more than 12 months. Non-hedging instruments are classified in accordance with their particular maturity profile.

Taxation

The charge for current taxation is based on the results for the year as adjusted for items which are non-taxable or disallowed having taken into consideration capital allowances, indexation and available tax losses.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

MINERVA LIMITED

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YEAR ENDED 31 DECEMBER 2014

1. Accounting policies (cont.)

Deferred tax is calculated on the basis that properties will be realised predominantly through sale and therefore capital gains are reduced by indexation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax is determined using rates and laws that have been enacted or substantively enacted by the statement of financial position date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The provision is recorded in the income statement.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions for liabilities and charges

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value, using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligations. The increase in the provision due to the passage of time is recognised as interest expense.

Share capital

Share capital, which comprises ordinary shares, is classified as equity. Incremental costs attributable to the issue of new subscriptions are shown in equity as a deduction, net of tax, from the proceeds.

Retirement benefits

Employer contributions to defined contribution pension schemes of employees are charged to the income statement as incurred.

Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which they are approved. Interim dividends are recognised when paid.

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2. Net property income

	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Trading property sales	-	27,208
Rental income	22,350	24,086
Recoverable property expenses	3,769	4,780
Revenue	26,119	56,074
Cost of sales on trading properties	-	(13,619)
Property expenses including property provisions	(3,627)	(6,717)
Recoverable property expenses	(3,769)	(4,780)
Marketing expenses	(146)	(972)
Property outgoings and cost of sales	(7,542)	(26,088)
Net property income	18,577	29,986

The Group's minimum lease payments receivable under non-cancellable operating leases, principally in respect of leases over land and buildings, are as follows:

	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Less than one year	27,710	6,668
Between one and five years	107,173	62,744
Over five years	154,087	200,279
	288,970	269,691

3. Group operating profit

	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Operating profit is stated after charging/(crediting):		
Fees payable to Company's auditors for the audit of Parent Company and consolidated accounts	52	57
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries pursuant to legislation	40	40
Depreciation charge	21	8
Operating lease rentals – land and buildings	809	893
Profit on sale of property, plant and equipment	(3)	-

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4. Staff costs

	Year to 31 December 2014	Year to 31 December 2013
Average number of employees (including executive Directors) employed by the Group	15	16
	£000	£000
Staff costs (including executive Directors)		
Wages and salaries	1,434	1,614
Redundancy payments	1,105	-
Discretionary bonuses	599	557
Social security costs	329	288
Pensions costs	35	79
	3,502	2,538
Directors' remuneration		
Aggregate emoluments including redundancy payments	1,728	984
Contributions to pension schemes of Directors	35	79
	1,763	1,063

The aggregate emoluments of the highest paid director, were £879,000 (2013: £497,000). In addition to the above, the Group has accrued £1,700,000 in respect of estimated future Directors' bonuses of which half is due to the highest paid director.

Certain directors of the Company are remunerated by the ultimate shareholders for their services in this Company. No remuneration is paid to these directors by the Company.

5. Finance costs

		Year to 31 December 2014	Year to 31 December 2013
	Note	£000	£000
Interest and charges on borrowings		20,682	48,843
Amortisation of loan issue costs		4,309	1,358
Fair value loss on derivative financial instruments			
Non-hedging instruments	17	2,093	-
Recycling of cash flow hedge reserve		16,525	3,709
		18,618	3,709
Interest on obligations under finance leases		33	435
Charges relating to early loan repayment		780	-
Capitalised interest and similar charges		-	(1,923)
		44,422	52,422

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6. Finance income

	Note	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Interest on deposits		215	223
Fair value gain on derivative financial instruments			
Non-hedging instruments	17	-	38,656
Ineffectiveness on cash flow hedges	17	3,041	3,457
		3,041	42,113
Charges relating to early termination of derivative financial instruments		-	(28,120)
		3,256	14,216

7. Taxation

	Note	Year to 31 December 2014 £000	Year to 31 December 2013 £000
Current tax		-	1,491
Deferred tax	19	-	-
Taxation charge for the year		-	1,491
Profit before taxation		52,204	140,376
Tax on profit at 21.5 per cent (2013: 23.25 per cent)		11,224	32,637
Expenses not deductible for tax purposes		64	44
Accelerated capital allowances		3,462	(2,933)
Differences arising from taxation of chargeable gains and property revaluations		(14,701)	(19,853)
Tax losses and other differences		(49)	(8,404)
Taxation charge for the year		-	1,491

8. Profit/(loss) dealt with by Parent Company

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. A profit for the year of £37,342,000 (31 December 2013: loss of £7,509,000) is dealt with in the financial statements of the Company.

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9. Investment properties

	31 December 2014 £000	31 December 2013 £000
Group		
At 1 January: Net book value	637,043	849,311
Additions/acquisitions	4,255	26,512
Disposals	(137,415)	(351,269)
Transfer to trading properties	(7,000)	-
Revaluation movement	83,496	112,489
At 31 December: Net book value	580,379	637,043
Recognition of finance lease obligations	(604)	(607)
Amounts included within prepayments and accrued income	23,925	8,414
At 31 December: At valuation	603,700	644,850
Analysis of net book value		
Investment properties	603,700	499,743
Investment properties held for sale	-	137,300
Total	603,700	637,043

The investment properties were valued on a fair value basis by CBRE Limited, external valuers, as at 31 December 2014 in accordance with the RICS Valuation – Professional Standards (2012) (“the Red Book”) issued by the Royal Institution of Chartered Surveyors. The investment properties held for sale in the prior year were subject to a Directors’ valuation.

The total accumulated amount of interest capitalised as part of the cost of investment properties was £32,781,000 (2013: £53,103,000). The average cost of interest capitalised in the year was nil (2013: 4.5 per cent).

Investment properties include freehold properties with a net book value of £502,176,000 (2013: £558,659,000) and long leasehold properties with a net book value of £78,203,000 (2013: £78,384,000).

Fair value hierarchy

The Group considers that all properties outlined above fall within level 3 of the fair value hierarchy for both the current and prior year. There have been no movements within the categories of the fair value hierarchy. For all property that is measured at fair value, the current use of the property is considered the highest and best use.

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9. Investment properties (continued)

Valuation methodology

Valuations of the Group's properties are primarily performed at each year end by third party valuers, based on the following:

- information provided by management including rent rolls, expected vacancy, break options, expiry dates, lease incentives, service charges, capital expenditure, future development opportunities based on planning permissions held or sought and corporate structures in which respective properties are held
- In the case of property held in a stamp duty exempt vehicle, the valuation assumes that a purchaser would transact the corporate vehicle rather than the property direct
- market assumptions derived from their own independent assessment and market observations.

The properties in the portfolio were valued on an income capitalisation basis. A key unobservable input into such valuations is the equivalent yield (in % terms) applied to the income stream arising or expected to arise from the property. The yield applied is subject to judgement based on the quality and location, the nature of the lease terms and tenant in place at the property. A lower yield is generally applied to better quality, better located properties with higher quality tenants. For the valuation of this portfolio, each multi-tenanted property had a range of yields applied to the income streams arising to take account of the different characteristics of leases and tenants.

The other key unobservable inputs to fair value measurement of the other properties in the portfolio were as follows:

Unobservable Input	31 Dec 2014	31 Dec 2013
Estimated rental values (ERV) on vacant space	£12 – £62.50/sq.ft	£12 – £60/sq.ft
Capital expenditure	£15 - £50/sq.ft	£15 - £50/sq.ft

Sensitivity to key unobservable inputs

An increase in equivalent yield or decrease in ERV would result in a reduction in the valuation of the Group's investment properties. Similarly, a decrease in equivalent yield or increase in ERV would result in an increase in valuation of the investment properties.

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10. Property, plant and equipment

Group	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost			
At 1 January 2014	1,244	24	1,268
Additions	-	-	-
Disposals	(336)	(24)	(360)
At 31 December 2014	908	-	908
Depreciation			
At 1 January 2014	1,181	24	1,205
Depreciation charge	21	-	21
Disposals	(336)	(24)	(360)
At 31 December 2014	866	-	866
Net book value at 31 December 2014	42	-	42
Net book value at 31 December 2013	63	-	63

11. Investment in subsidiary undertaking

	31 December 2014 £000	31 December 2013 £000
At 1 January: Net book value	38,239	36,817
Additions	-	-
Write back of impairment	-	1,422
At 31 December: Net book value	38,239	38,239

Investments in subsidiaries are held in the statement of financial position at cost and are reviewed for impairment annually. The recoverable amount of the investment is fair value less cost of sale and is determined with reference to the net assets of the subsidiary.

The Company has a 100% interest in Minerva Walbrook Limited Partnership, a limited partnership under UK law. Minerva Walbrook Limited Partnership's registered office is 40 Queen Anne Street, London, W1G 9EL. Advantage has been taken of the exemption conferred in regulation 7 of the Partnerships (Accounts) Regulations 2008 from the requirements for preparation, delivery and publication of accounts in relation to Minerva Walbrook Limited Partnership, which is a qualifying partnership.

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11. Investment in subsidiary undertaking (continued)

At the year end, the Company has the following principal subsidiary undertakings which are consolidated and have as their main activity property investment, development, trading, investment holding or the provision of property related services. Unless otherwise stated all subsidiary undertakings are wholly-owned and registered and operate in Great Britain.

Antares Properties Limited	Minerva (Kensington) Limited
Croydon Plaza Limited	Minerva (Lancaster Gate) Limited
Croydon Retail Limited	Minerva Properties Limited
Futurestate Limited	Minerva Property Holdings Limited
Jack Cade Limited	Minerva Property Services Limited
Jimtrack Limited	Minerva Residential Holdings Limited
Larchfield Investments Limited	Minerva (Stores) Limited
M1 Limited	Minerva (Ventures) Limited
Minerva (Abingdons) Limited	Minerva Walbrook Limited Partnership
Minerva (City) Limited	Minerva (Wandsworth) Limited
Minerva Corporation Limited	OMD Holdings Limited
Minerva (Croydon) Limited	OMD Holborn Limited
Minerva Dowgate Limited	OMD Property (Holborn) Limited
Minerva (Finance) Limited	Park Place (General Partner) Limited
Minerva (Holland Park) Limited	Park Place Limited Partnership*
Minerva Investment Holdings Limited	St Swithin's House (General Partner) Limited

*Established according to Jersey Law and operates, through its general partner, in Great Britain.

12. Other financial assets

	31 December 2014 £000	31 December 2013 £000
At 1 January: Net book value	5	11
Additions	5	-
Disposal	-	(6)
At 31 December: Net book value	10	5

Investments held as other financial assets are traded in active markets and are valued on the basis of quoted market prices at the statement of financial position date.

13. Trading properties

Group	31 December 2014 £000	31 December 2013 £000
At beginning of year: cost	51,197	61,711
Additions	1,292	3,105
Transfer from investment properties	7,000	-
Disposals	-	(13,619)
At 31 December: cost	59,489	51,197

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13. Trading properties (continued)

The total accumulated amount of interest capitalised as part of the cost of the properties was £1,783,000 (2013: £1,783,000). The average cost of interest capitalised was nil (2013: nil per cent).

14. Trade and other receivables

	Group	Group	Parent	Parent
	31 December	31 December	Company	Company
	2014	2013	31 December	31 December
	£000	£000	2014	2013
	£000	£000	£000	£000
Trade receivables	2,978	3,374	-	-
Allowance for doubtful debts	(722)	(164)	-	-
	2,256	3,210	-	-
Other receivables	2,131	1,821	145	25
Amounts owed by parent company	20,000	-	20,000	-
Amounts owed by group undertakings	-	-	91,941	103,144
Prepayments and accrued income	25,252	11,325	700	131
	49,639	16,356	112,786	103,300

	Group	Group	Parent	Parent
	31 December	31 December	Company	Company
	2014	2013	31 December	31 December
	£000	£000	2014	2013
	£000	£000	£000	£000
Movement in allowance for doubtful debts				
At 1 January	164	194	-	-
Allowance	558	59	-	-
Written off	-	(89)	-	-
Recovered	-	-	-	-
At end of year	722	164	-	-

Trade receivables comprise rental income and service charges which are due on contracted quarter days with no credit period. Trade receivables are assessed on a tenant by tenant basis and where there is doubt as to recoverability of the debt, a specific allowance is made. Other receivables predominantly comprise recoverable Value Added Tax and other receivable amounts. All significant receivables due to be settled, have been received since 31 December 2014.

There are no current trade or other receivables, over due or past credit terms but not impaired greater than six months old. Group prepayments and accrued income at 31 December 2014 include £317,000 of prepaid development expenditure (2013: £362,000).

15. Cash and cash equivalents

Cash and cash equivalents include £7,612,000 (2013: £30,146,000) retained in deposit, rent and restricted accounts which is not readily available to the Group for day-to-day commercial purposes.

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16. Trade and other payables

	Group	Group	Parent	Parent
	31 December	31 December	Company	Company
	2014	2013	31 December	31 December
	£000	£000	2014	2013
	£000	£000	£000	£000
Trade payables	144	1,980	-	-
Amounts owed to group undertakings	-	-	101,144	-
Other payables	2,774	2,505	299	299
Accruals and deferred income	12,424	22,870	425	397
	15,342	27,355	101,868	696

17. Borrowings and derivative financial instruments

	Group	Group	Parent	Parent
	31 December	31 December	Company	Company
	2014	2013	31 December	31 December
	£000	£000	2014	2013
	£000	£000	£000	£000
Group and Company				
Borrowings				
Current liabilities				
Bank and other borrowings	16,390	89,552	-	-
Finance lease obligations	2	2	-	-
	16,392	89,554	-	-
Non-current liabilities				
Bank and other borrowings	359,213	310,524	-	57,107
Finance lease obligations	602	605	-	-
	359,815	311,129	-	57,107

The fair value of bank borrowings at the balance sheet date was circa £0.5m higher (2013: £3m lower than the carrying value on the balance sheet).

Maturity of borrowings	Bank and other borrowings			
	Group	Group	Parent	Parent
	31	31	Company	Company
	December	December	31 December	31 December
	2014	2013	2014	2013
	£000	£000	£000	£000
Less than one year	16,390	89,552	-	-
Between one and two years	326,751	74,036	-	57,107
Between two and five years	9,344	210,029	-	-
Over five years	23,118	26,459	-	-
	375,603	400,076	-	57,107

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17. Borrowings and derivative financial instruments (continued)

Group	Finance lease obligations		Finance lease obligations (net of future finance charges)	
	31 December 2014 £000	31 December 2013 £000	31 December 2014 £000	31 December 2013 £000
Less than one year	35	35	2	2
Between one and two years	35	35	3	3
Between two and five years	105	105	8	8
Over five years	1,634	1,668	591	594
	1,809	1,843	604	607
Future finance charges on leases	(1,205)	(1,236)	-	-
	604	607	604	607

Undrawn facilities

Group	31 December 2014 £000	31 December 2013 £000
Less than one year	200,000	3,586
Between one and two years	-	142,893
Between two and five years	-	-
Over five years	-	-
	200,000	146,479

Included within the analysis of undrawn facilities are development loan facilities, which, although committed, have conditions that need to be satisfied prior to drawdown.

Interest rate risk profile of borrowings

Group	31 December 2014		31 December 2013	
	Total £000	Weighted average interest rate %	Total £000	Weighted average interest rate %
Swapped fixed rate / capped borrowings	375,603	3.7	254,143	7.9
Deep discounted bonds	-	-	57,107	10.0
Floating rate borrowings	-	-	88,826	4.5
Total borrowings	375,603		400,076	

Swapped fixed arrangements have the effect of transforming floating rate liabilities into fixed rate liabilities. The weighted average interest rate shown for fixed and capped rate liabilities at 31 December 2014 is 3.7 per cent (2013: 7.9 per cent) and includes loan margins ranging from 1.0 per cent to 2.9 per cent with all inclusive interest rates ranging from 2.4 per cent to 6.5 per cent (2013: 2.4 per cent to 8.6 per cent). The weighted average period of the Group's swapped fixed rate borrowings was 2.4 years at 31 December 2014 (2013: 3.2 years).

Floating rate borrowings at the prior year end incurred interest at margins of 4.0 per cent over LIBOR.

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17. Borrowings and derivative financial instruments (continued)

Derivative financial instruments

Group	Assets £000	Liabilities £000	Total £000
At 1 January 2013	-	(82,550)	(82,550)
Movement in fair value recognised in equity:			
Effectiveness on cash flow hedges	-	13,983	13,983
Movement in fair value recognised in income statement:			
Ineffectiveness on cash flow hedges	-	3,457	3,457
Movement on non-hedging instruments	62	38,594	38,656
At 1 January 2014	62	(26,516)	(26,454)
Additions	2,350	-	2,350
Movement in fair value recognised in equity:			
Effectiveness on cash flow hedges	-	(1,119)	(1,119)
Recycling of cash flow hedges	-	16,525	16,525
Movement in fair value recognised in income statement:			
Ineffectiveness on cash flow hedges	-	3,041	3,041
Movement on non-hedging instruments	(2,093)	-	(2,093)
At 31 December 2014	319	(8,069)	(7,750)
Less: Non-current portion	(319)	8,069	7,750
Current portion	-	-	-

Fair value estimation

All derivative financial instruments are carried at fair value in the statement of financial position, following a valuation as at 31 December 2014 undertaken by JC Rathbone Associates Limited. Fair value is calculated using the present value of the estimated future cash flows and the credit quality of counterparties. For these financial instruments fair value approximates to carrying value.

Fair value hierarchy

The Group considers that all financial instruments outlined above fall within level 2 of the hierarchy in both the current and prior years with no reclassifications in either year.

The Group has interest rate swaps totalling £38.0 million (2013: £285 million) and interest rate caps totalling £341 million (2013: £16 million) at rates between 1.0 per cent and 5.5 per cent.

18. Financial risk management

In the normal course of business, the Group is exposed to interest rate risk, liquidity risk and credit risk, which it seeks to mitigate through a combination of sound business practices and use of derivative financial instruments.

The Group's risk management policies and practices are as follows:

Interest rate management

The Group has a portfolio of floating rate debt. Interest rate swaps are generally used to alter the interest rate profile of the Group's debt, having the effect of transforming floating rate liabilities into fixed rate liabilities. The Group has well established practices to monitor the interest rates prevailing on current borrowings. Further details relating to derivative financial instruments are given in note 17.

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18. Financial risk management (continued)

Sensitivity to interest rates

The Group's exposure to changes in interest rates relates to the effect of a rate change on the fair value of the Group's derivative financial instruments and the cost of servicing the Group's floating rate borrowings. Based on the 31 December 2014 statement of financial position, a 50 basis point rise in interest rates could equate to a £1,497,000 net fair value gain (2013: £3,849,000), conversely a 50 basis point fall could result in a net fair value loss of £1,497,000 (2013: £3,849,000).

In the circumstances where there is a 50 basis point rise, a gain of £300,000 (2013: £50,000) in respect of the total gain would be expected to go through the income statement and a gain of £1,197,000 (2013: £3,799,000) would be taken to equity. In the circumstances where there is a 50 basis points fall, a loss of £300,000 (2013: £50,000) in respect of the total loss would be allocated to the income statement with a loss of £1,197,000 (2013: £3,799,000) going through equity.

Credit risk management

Principal financial assets comprise investments, trade and other receivables and cash and deposits.

The credit risk in respect of cash and deposits is limited and mitigated since the counterparties are principally reputable banks with a minimum Standard and Poor's long term credit rating of A.

The level of credit risk attaching to the remaining financial assets is low, given their relative size. Other financial assets predominantly comprise rental and service charge income due from tenants, recoverable Value Added Tax and deposits receivable in respect of future trading property sales. The credit risk attaching to these assets is mitigated by a combination of an assessment of a tenant's, purchaser's or, supplier's financial standing before credit is advanced, the holding deposits and/or guarantees and rental contracts requiring rent to be paid in advance.

Liquidity management

Cash reserves are monitored to ensure adequate resources are available to provide the Group with security, liquidity and the flexibility during the development phase of its projects, whilst also enabling it to invest in new opportunities.

The Group seeks, where possible, to borrow on a non-recourse or limited-recourse basis, with a view to maintaining an appropriate maturity profile that supports the Group's operations. Borrowings usually comprise variable rate loans in the first instance. Deep discount bonds are provided by shareholders to assist with liquidity management

Capital risk management

The Group seeks to manage its capital in a way to safeguard its ability to continue as a going concern, provide returns for shareholders and benefits for other stakeholders.

In order to achieve these objectives, the Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or purchase, develop or sell assets.

The capital structure of the Group consists of net debt and shareholders' equity. Shareholders' equity comprises share capital, reserves and retained earnings and is disclosed in the Group Statement of changes in equity. Net debt comprises borrowings, which are disclosed in note 17 less cash which is disclosed in the Statement of financial position.

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18. Financial risk management (continued)

Maturity analysis of the undiscounted contractual cash flows relating to financial liabilities

Group	Trade and other payable £000	Borrowings £000	Derivative financial instruments £000	Provisions £000	Total £000
31 December 2014					
Less than one year	14,323	30,569	2,047	1,312	48,251
Between one and two years	-	337,746	1,908	345	339,999
Between two and five years	-	11,706	4,733	-	16,439
Over five years	-	25,447	3,925	-	29,372
Total contracted cash flows	14,323	405,468	12,613	1,657	434,061
Carrying value	14,323	375,603	7,750	1,620	399,296
Group					
31 December 2013					
Less than one year	25,788	100,822	12,806	2,215	141,631
Between one and two years	-	86,205	11,535	345	98,085
Between two and five years	-	212,306	4,468	341	217,115
Over five years	-	59,979	2,716	-	62,695
Total contracted cash flows	25,788	459,312	31,525	2,901	519,526
Carrying value	25,788	400,683	26,454	2,834	455,759

Parent Company undiscounted contractual cash flows relating to financial liabilities comprise trade and other payables, which are due within one year and are disclosed in note 16.

19. Deferred tax

Group	Accelerated capital allowances £000	Tax losses £000	Other temporary differences £000	Derivative financial instruments £000	Total £000
At 1 January 2013	4,302	(14,016)	9,714	-	-
Movement in income statement	(1,964)	5,752	(3,788)	-	-
Movement in equity	-	-	-	-	-
At 1 January 2014	2,338	(8,264)	5,926	-	-
Movement in income statement	3,462	(20,475)	17,013	-	-
Movement in equity	-	-	-	-	-
At 31 December 2014	5,800	(28,739)	22,939	-	-

Deferred tax assets in respect of losses available against future taxable income, not recognised at the statement of financial position date, amount to £3,849,000 (2013: £26,622,000). Deferred tax assets in respect of contingent losses not recognised at the date of the statement of financial position amount to £21,198,000 (2013: £20,659,000).

In addition, the Group has not recognised deferred tax assets in respect of capital losses generated in the prior periods. These capital losses, totalling in the region of £300,000,000 (2013: £300,000,000), which are subject to HMRC agreement, should be available to offset future capital gains if and when they arise.

Other temporary differences represent differences arising on capitalised interest and contingent gains on investment properties.

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19. Deferred tax (continued)

As at 31 December 2014, tax rates of 21 per cent (to 31 March 2015) and 20 per cent (from 1 April 2015) had been enacted. As such, the closing deferred tax rate to apply will depend on the expected reversal of the underlying temporary differences.

20. Provisions for other liabilities and charges

	31 December 2014 £000	31 December 2013 £000
Group		
At beginning of year	2,834	3,850
Credit to income statement	(1,214)	(1,016)
At end of year	1,620	2,834
Less non-current portion	(308)	(604)
Current portion	1,312	2,230

A provision has been made in relation to a residual leasehold interest considered to be onerous and other property costs. All provisions are considered current, with the exception of the onerous lease, which is due to expire in December 2016.

21. Called up share capital

	At 31 December 2014 £000	At 31 December 2013 £000	At 31 December 2014 Number	At 31 December 2013 Number
Group and company				
Authorised				
Ordinary shares of 25p each	75,000	75,000	300,000,000	300,000,000
Issued and fully paid				
Ordinary shares of 25p each	-	41,948	1	167,791,347

22. Dividends

A dividend of £71,921,000 was proposed and paid in respect of the year ended 31 December 2014 (2013: £nil).

23. Capital commitments

Capital commitments contracted, but not provided for, at 31 December 2014 relating to the Group's development activities were £nil (2013: £1,357,000).

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24. Commitments under operating leases

Total commitments under non-cancellable operating leases:

	31 December 2014 £000	31 December 2013 £000
Group		
Less than one year	1,133	1,146
Between one and five years	3,392	3,781
Over five years	2,054	2,797
	6,579	7,724

25. Contingent liabilities

The Company has guaranteed external borrowings of some of its subsidiary undertakings, which at the statement of financial position date amounted to £16,000,000 (2013: £16,000,000). In addition, the Company has guaranteed certain loan interest and tenant obligations of its subsidiary undertakings.

26. Cash flows from operations

	31 December 2014 £000	31 December 2013 £000
Group		
Profit before taxation	52,204	140,376
Net finance costs	41,166	38,206
Operating profit	93,370	178,582
Depreciation	21	8
Property provisions	(1,214)	(1,015)
Movement on revaluation of investment properties	(83,496)	(112,489)
Profit on sale of investment properties	(1,515)	(43,637)
Profit on sale of property, plant and equipment	(3)	-
Profit on sale of trading properties	-	(13,589)
Amortisation of lease incentives, letting fees and other non-cash items	(15,418)	(14,331)
Trading property proceeds received, net of additions	(1,268)	30,261
Increase in trade and other receivables	(20,199)	(4,183)
Increase/(decrease) in trade and other payables	140	(1,041)
Cash flows from operations	(29,582)	18,566

	31 December 2014 £000	31 December 2013 £000
Parent Company		
Profit/(loss) before taxation	37,341	(454)
Net finance costs	1,763	7,558
Operating profit	39,104	7,104
Write back of investment in subsidiary undertaking	-	(8,477)
Write back of amount owed by subsidiary undertakings	-	(1,042)
Decrease in trade and other receivables	89,744	67,042
Increase in trade and other payables	(57,079)	(64,627)
Cash flows from operations	71,769	-

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27. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Jupiter Properties 2011 UK Limited and the ultimate parent company is Jupiter Holdco (BVI) Limited. Copies of the financial statements of Jupiter Properties 2011 UK Limited are publicly available.

28. Related party transactions

The Group has not entered into any transactions with related parties other than disclosed below and with key management who are considered to be the Directors.

During the period the Company was charged £3,747,000 of management fees by subsidiaries (2013: £2,414,000) and £2,617,000 of management fees by parties related to parent undertakings (2013: £2,800,000). Amounts advanced by the Company to group undertakings or by group undertakings to the Company, are disclosed in notes 14 and 16 and are unsecured, interest free and repayable on demand. The Company received intra-group dividends of £50,000,000 during the period (2013: £nil).

The Company was provided debt funding by Jupiter Holdco BVI Limited, its ultimate parent undertaking. The funding provided, including accrued interest and disclosed within the borrowings balance at the balance sheet date, was £nil (2013: £57,107,000). The total facilities provided aggregate to £200,000,000 (2013: £200,000,000).