

Carmelite Property Management Limited

Director's report and financial statements

Registered number 3182775

31 December 2016



Carmelite Property Management Limited

Contents

31 December 2016

Officers and professional advisors	1
Director's report	2
Statement of Director's responsibilities	4
Independent auditor's report to the members of Carmelite Property Management Limited	5
Profit and loss account	7
Statement of changes in equity	7
Balance sheet	8
Notes to the financial statements	9

Carmelite Property Management Limited
Officers and professional advisors
31 December 2016

DIRECTOR

M A Webberley

REGISTERED OFFICE

Point 3
Haywood Road
Warwick
CV34 5AH

AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditors
Birmingham, UK

Carmelite Property Management Limited
Director's Report
31 December 2016

The Director presents the annual report and the audited financial statements for Carmelite Property Management Limited, registered number 03182775 ("the Company") for the year ended 31 December 2016.

Principal activity

The principal activity of the Company is the management of a portfolio of onerous property lease obligations.

Business review

The Company made a loss before taxation for the year of £31,000 (loss of 2015: £27,000).

During the year ended 31 December 2014 the final leases held on properties expired. The Company continues to manage legacy liabilities which relate primarily to these property leases and pursue the Carmelite Capital Limited ("CCL") group simplification programme by ensuring its remaining assets and those of its remaining subsidiary undertakings are realised and their liabilities settled.

Going concern

The Company has prepared cash flow forecasts which indicate that, the Company has sufficient funds to meet its obligations for the next 12 months, commencing from the date these accounts are signed.

Consequently the Director has continued to adopt the going concern basis in preparing the annual report and financial statements.

Loans to Co-Investment Limited ("CIL")

The Company has an outstanding loan balance of £48,552,000 (2015: £46,875,000) due from CIL, including accrued interest to the balance sheet date. The interest accrues at a floating rate of LIBOR plus 3% to ensure the return reflects market movements plus an adequate margin for risk. During the year a further provision was created against the loan for £1,677,000, to reflect the book value of £250,000 that the Director has assessed as being recoverable as at 31 December 2016 (2015: £250,000).

Dividends

The Director does not recommend the payment of any dividends (2015: £nil).

Director

The Directors who held office during the year and subsequently are as follows:

M A Webberley (appointed 29 January 2016)
K Gozzett (resigned 29 January 2016)

Carmelite Property Management Limited
Director's Report
31 December 2016

Financial risk management objectives and policies

The principal financial assets of the Company as at 31 December 2016 are loans to related parties, cash and other receivables. Its principal financial liabilities are accruals. The main risks arising from these financial instruments are credit risk, liquidity risk and interest rate risk. The Director has reviewed and set policies for managing each of these risks and they are summarised below.

Credit risk

The risk of impairments in value being required against these assets and policy for repayment of intra group loans are managed as part of the overall financial strategy for the Tusk Investments LP Inc Group.

Liquidity risk

The Company's objective is to ensure it has sufficient cash available on demand to cover its net commitments and to work with the Tusk Group on the timing of loan repayments.

Interest rate risk

The exposure of the Company to interest rate fluctuations is limited to the return on its loans to related parties.

Political and charitable contributions

The Company made no charitable or political donations during the year (2015: £nil).

Auditors

The Director who held office at the date of approval of this Director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, KPMG LLP shall be deemed to be re-appointed as auditor for a further term under the provisions of section 487(2) of the Companies Act 2006.

By Order of the board



M A Webberley
Director

3 August 2017

Carmelite Property Management Limited
Statement of Director's responsibilities in respect of the Director's Report
and the financial statements
31 December 2016

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *The financial reporting standard applicable in the UK and Republic of Ireland*.

Under Company law the Director must not approve the financial statements unless he is 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 Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Carmelite Property Management Limited

We have audited the financial statements of Carmelite Property Management Limited ("the Company") for the year ended 31 December 2016 set out on pages 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 4, the Director is 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

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

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 loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Director's report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Carmelite Property Management Limited

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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
Date: 3 August 2017

Carmelite Property Management Limited
Profit and loss account
Year ended 31 December 2016

	Note	2016 £000	2015 £000
Net operating (expense)/income	4	(32)	72
Operating (loss)/profit		(32)	72
Amounts provided against intercompany loans	8	(1,677)	(1,639)
Amounts provided against investment	7	-	(100)
Interest receivable and similar income	5	1,678	1,640
Loss on ordinary activities before taxation		(31)	(27)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		(31)	(27)

The notes on pages 9 to 14 form an integral part of these financial statements.

All results relate to continuing operations.

There were no recognised gains or losses in the year or in the prior year other than the results for those years. Accordingly, no statement of comprehensive income has been prepared.

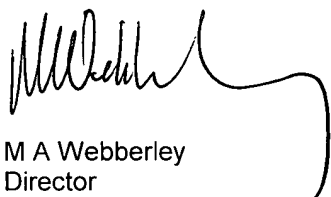
Statement of changes in equity
Year ended 31 December 2016

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
At 1 January 2015	26,509	86,779	(112,644)	644
Loss for the year	-	-	(27)	(27)
At 31 December 2015	26,509	86,779	(112,671)	617
Loss for the year	-	-	(31)	(31)
At 31 December 2016	26,509	86,779	(112,702)	586

Carmelite Property Management Limited
Balance sheet
Year ended 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	7	-	-
		<u>-</u>	<u>-</u>
Current assets			
Debtors	8	259	272
Cash at bank and in hand		337	415
		<u>596</u>	<u>687</u>
Creditors: amounts falling due within one year	9	(10)	(70)
		<u>586</u>	<u>617</u>
Net current assets			
		<u>586</u>	<u>617</u>
Total assets less current liabilities		<u>586</u>	<u>617</u>
Net assets		<u>586</u>	<u>617</u>
Capital and reserves			
Called up share capital	10	26,509	26,509
Capital redemption reserve		86,779	86,779
Profit and loss account		(112,702)	(112,671)
		<u>586</u>	<u>617</u>
Shareholder's funds		<u>586</u>	<u>617</u>

These financial statements of Carmelite Property Management Limited, registered number 3182775, were approved by the Director on 3 August 2017.



M A Webberley
Director

Carmelite Property Management Limited
Notes to the financial statements
Year ended 31 December 2016

1 Principal accounting policies

Carmelite Property Management Limited is a company limited by shares and incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102").

The financial statements are prepared in Sterling which is the functional currency of the Company and under the historical cost convention.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS102 in respect of the following disclosures:

- Cash flow statement and related notes;
- Key management personnel compensation;
- The disclosures required by FRS102.11 (Basic Financial Instruments) and FRS102.12 (Other Financial Instrument Issues) in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36 (4) of Schedule 1.

Group financial statements

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Going concern

The Company has prepared cash flow forecasts which indicate that, the Company has sufficient funds to meet its obligations for the next 12 months, commencing from the date these accounts are signed. Consequently the Director has continued to adopt the going concern basis in preparing the annual report and financial statements.

Related party transactions

As the Company is a wholly owned subsidiary of Carmelite Capital Limited ("CCL"), the Company has taken advantage of the exemption permitted by FRS102 section 33.11 and has therefore not disclosed transactions or balances with entities which form part of the CCL group (or investees of the group qualifying as related parties). The consolidated financial statements of CCL, within which this Company is included, can be obtained from the address given in note 12.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Carmelite Property Management Limited
Notes to the financial statements
Year ended 31 December 2016

1 Principal accounting policies (continued)

Taxation

Taxation on profit on ordinary activities is that which has been paid or becomes payable in respect of profits for the year.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Differences relating to investments in subsidiaries have not been provided for to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Rental payments for leases classified as onerous are charged directly to the provision held.

Cash

Cash comprises cash in hand and deposits repayable on demand.

Financial assets

All financial assets are held at fair value and objectively assessed at each reporting date for impairment. Any impairment is recognised immediately in the profit and loss account.

2 Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 1, the Director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the Director has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Bad debt provision

The Director has reviewed the accounts of Co-investment Limited and Carmelite Finance Limited, and the terms under which the loans to these companies have been advanced, and assessed the recoverable amounts at £250,000 and £nil respectively.

3 Directors, employees and auditors

The Director received no remuneration during the year in respect of services to the Company (2015: £nil). There were no employees during the year (2015: none). The fees for the audit of these financial statements were £2,500 (2015: £2,500). The Company also bore audit fees amounting to £5,500 (2015: £7,000) in respect of other members of the CCL Group.

Carmelite Property Management Limited
Notes to the financial statements
Year ended 31 December 2016

4 Loss on ordinary activities

Loss on ordinary activities after taxation is stated after charging/(crediting):

	2016	2015
	£000	£000
Decrease in provision for onerous property leases	-	(32)

5 Interest receivable and similar income

	2016	2015
	£000	£000
Other interest receivable	1	1
On amounts receivable from related parties	1,677	1,639
	<u>1,678</u>	<u>1,640</u>

The interest receivable from related parties in the current and prior year was all due from Co-Investment Limited.

6 Taxation

	2016	2015
	£000	£000
Current tax		
UK taxation at 20% (2015: 20.25%)	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

	2016	2015
	£000	£000
Reconciliation of total tax charge for the period		
Loss on ordinary activities before taxation	(31)	(27)
	<u>6</u>	<u>5</u>
Current tax credit at 20% (2015: 20.25%)	6	5
Capital allowances for year in excess of depreciation	2	2
Non-deductible expenses	(335)	(352)
Profits covered by brought forward tax losses	327	345
	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

Carmelite Property Management Limited
Notes to the financial statements
Year ended 31 December 2016

6 Taxation (continued)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

The Company has tax losses carried forward which may give rise to reduced tax charges in the future of £4,182,000 (2015: £4,722,000). No deferred tax asset has been recognised in respect of these losses as the ability of the Company to obtain a future tax benefit is uncertain.

7 Fixed asset investments

	Shares in group undertakings £000
Cost	
As at 1 January and 31 December 2016	1,614
	<hr/>
Provisions	
As at 1 January and 31 December 2016	(1,614)
	<hr/>
Net book value	
At 31 December 2016	-
	<hr/>
At 31 December 2015	-
	<hr/>

Impairment of investments

The Director has conducted an impairment review of the Company's investments and concluded that they should continue to be written down to £nil.

The undertakings in which the Company has an interest at the year-end are as follows:

	Principal activity	Shares	Percentage of shares held
Thorn (IP) Limited *	Holder of intellectual property rights	Ordinary	100
Thorn Limited	Dormant	Ordinary	100

* denotes investment held directly by the Company at 31 December 2016.

The registered office of Thorn (IP) Limited and Thorn Limited is Point 3, Haywood Road, Warwick, CV34 5AH.

Carmelite Property Management Limited
Notes to the financial statements
Year ended 31 December 2016

8 Debtors

	2016 £000	2015 £000
Amounts due within one year		
Trade debtors	-	12
Other debtors	2	4
Prepayments	7	6
Amounts due from related parties	250	250
	<u>259</u>	<u>272</u>

Amounts due from related parties within one year

The Company has an outstanding loan balance of £48,552,000 (2015: £46,875,000) with Co-Investment Limited, including accrued interest to the balance sheet date. The interest accrues at a floating rate of LIBOR plus 3% to ensure the return reflects future market movements plus an adequate margin for risk. The loan is repayable on demand. During the year a further provision was created against the loan for £1,677,000, to reflect the book value of £250,000 that the Director has assessed as being recoverable at 31 December 2016 (2015: £250,000).

In addition to the amounts shown above, the Company is also owed £71,798,000 (2015: £71,798,000) by Carmelite Finance Limited. The loan is repayable on demand with no fixed maturity date and is interest free. The Director has performed an impairment review to assess the recoverable amount, which at 31 December 2016 was assessed to be £nil (2015: £nil).

9 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	-	4
Amounts owed to fellow group undertakings	1	1
Accruals and deferred income	9	65
	<u>10</u>	<u>70</u>

10 Called up share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
461,030,115 ordinary shares of 5.75 pence each	26,509	26,509

Carmelite Property Management Limited
Notes to the financial statements
Year ended 31 December 2016

11 Related party transactions

The Director regards Tusk Investments LP Inc ("Tusk LP"), as the ultimate parent and ultimate controlling party which owns 100% of the issued share capital of Co-Investment Limited ("CIL").

The Director therefore considers Tusk LP, CIL and other members of the Carmelite Capital Limited group to be related parties for the year ended 31 December 2016.

Balances with these entities are disclosed in notes 8 and 9 of these financial statements, with significant movements described in the Director's Report on page 2.

12 Parent undertakings

The Director regards Tusk Investments LP Inc, a Guernsey incorporated limited partnership, as the ultimate parent and ultimate controlling party.

Carmelite Capital Limited is the largest and smallest group of which the Company is a member and for which group financial statements are prepared. Copies of the financial statements are available to the public and may be obtained from the Secretary at Point 3, Haywood Road, Warwick, CV34 5AH.