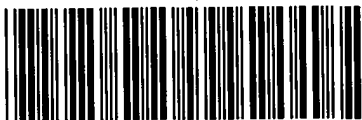


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
FOR
Valad Asset Management (UK) Limited**

WEDNESDAY



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COMPANIES HOUSE

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for the Year Ended 30 June 2014**

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Valad Asset Management (UK) Limited

**COMPANY INFORMATION
for the Year Ended 30 June 2014**

DIRECTORS:

D J Kirkby
Valsec Director Limited
J Dyer
R Cotterell

SECRETARY:

Valad Secretarial Services Limited

REGISTERED OFFICE:

1st Floor
Unit 16
Manor Court Business Park
Scarborough
YO11 3TU

REGISTERED NUMBER:

03239548 (England and Wales)

INDEPENDENT AUDITORS :

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Berison House
33 Wellington Street
Leeds
LS1 4JP

BANKERS:

Bank of Scotland
2nd Floor
New Uberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

SOLICITORS:

Shepherd and Wedderburn LLP
Condor House
10 St Paul's Churchyard
London
EC4M 8AL

**REPORT OF THE DIRECTORS
for the Year Ended 30 June 2014**

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 2014.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of asset management services to property funds.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2013 to the date of this report.

D J Kirkby
J Dyer
R Cotterell
Valsec Director Limited

Other changes in directors holding office are as follows:

R P G Howe - resigned 28 October 2014

GOING CONCERN

We have prepared the financial statements on a going concern basis. The justification for this is disclosed in the accounting policies note under going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS


So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's 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 company's auditors are aware of that information.

Valad Asset Management (UK) Limited (Registered number: 03239548)

**REPORT OF THE DIRECTORS
for the Year Ended 30 June 2014**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


.....
Valsec Director Limited - Director

Date: 2 December 2014

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VALAD ASSET MANAGEMENT (UK) LIMITED (REGISTERED NUMBER: 03239548)**

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of the report.

What we have audited

The financial statements (the "financial statements"), which are prepared by Valad Asset Management (UK) Limited, comprise:

- the Statement of Financial Position as at 30 June 2014;
- the Income Statement and the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the notes to the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Directors and financial statements 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 other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
VALAD ASSET MANAGEMENT (UK) LIMITED (REGISTERED NUMBER: 03239548)**

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

Date: 2 December 2014

INCOME STATEMENT
for the Year Ended 30 June 2014

	Notes	30.6.14 £	30.6.13 £
CONTINUING OPERATIONS			
Revenue		2,622,205	2,773,716
Cost of sales		(1,159,023)	(1,254,765)
GROSS PROFIT		1,463,182	1,518,951
Administrative expenses		(1,424,444)	(1,403,645)
OPERATING PROFIT		38,738	115,306
Finance income	3	428	550
PROFIT BEFORE INCOME TAX	4	39,166	115,856
Income tax	5	-	-
PROFIT FOR THE YEAR		39,166	115,856

The notes form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 30 June 2014

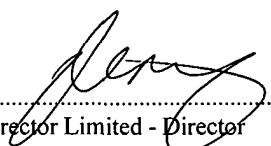
	30.6.14 £	30.6.13 £
PROFIT FOR THE YEAR	39,166	115,856
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>39,166</u>	<u>115,856</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
30 June 2014

	Notes	30.6.14 £	30.6.13 £
ASSETS			
CURRENT ASSETS			
Trade and other receivables	6	10,290,387	8,857,456
Cash and cash equivalents	7	134,805	133,229
		<u>10,425,192</u>	<u>8,990,685</u>
TOTAL ASSETS		<u>10,425,192</u>	<u>8,990,685</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	8	1,000	1,000
Retained earnings	9	1,033,858	994,692
TOTAL EQUITY		<u>1,034,858</u>	<u>995,692</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	9,390,334	7,994,993
TOTAL LIABILITIES		<u>9,390,334</u>	<u>7,994,993</u>
TOTAL EQUITY AND LIABILITIES		<u>10,425,192</u>	<u>8,990,685</u>

The financial statements on pages 6 to 22 were approved by the Board of Directors on 2 DECEMBER 2014 and were signed on its behalf by:


.....
Valsec Director Limited - Director

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 June 2014

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2012	1,000	878,836	879,836
Changes in equity			
Total comprehensive income	-	115,856	115,856
Balance at 30 June 2013	1,000	994,692	995,692
Changes in equity			
Total comprehensive income	-	39,166	39,166
Balance at 30 June 2014	1,000	1,033,858	1,034,858

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2014

		30.6.14 £	30.6.13 £
Cash flows from operating activities			
Cash generated from operations	1	1,148	47,639
Net cash from operating activities		<u>1,148</u>	<u>47,639</u>
Cash flows from investing activities			
Interest received		428	550
Net cash from investing activities		<u>428</u>	<u>550</u>
Increase in cash and cash equivalents		<u>1,576</u>	<u>48,189</u>
Cash and cash equivalents at beginning of year	2	133,229	85,040
Cash and cash equivalents at end of year	2	<u><u>134,805</u></u>	<u><u>133,229</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2014

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	30.6.14	30.6.13
	£	£
Profit before income tax	39,166	115,856
Finance income	(428)	(550)
	<u>38,738</u>	<u>115,306</u>
Increase in trade and other receivables	(1,432,931)	(1,355,275)
Increase in trade and other payables	<u>1,395,341</u>	<u>1,287,608</u>
Cash generated from operations	<u><u>1,148</u></u>	<u><u>47,639</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

Year ended 30 June 2014

	30.6.14	1.7.13
	£	£
Cash and cash equivalents	<u><u>134,805</u></u>	<u><u>133,229</u></u>

Year ended 30 June 2013

	30.6.13	1.7.12
	£	£
Cash and cash equivalents	<u><u>133,229</u></u>	<u><u>85,040</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2014**

1. ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with European Union ("EU") Endorsed International Financial Reporting Standards ("IFRSs"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the accounting policies note.

New and amended standards not currently relevant to the company

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial period beginning 1 July 2013, but are not currently relevant to the company:

- Amendment to IAS 12, 'Income Taxes' on deferred tax (effective 1 January 2012, endorsed 1 January 2013)
- IFRS13, 'Fair value measurement' (effective 1 January 2013)
- Amendment to IAS19 'Employee benefits' (effective 1 January 2013)
- Amendment to IFRS 1, 'First time adoption' on hyperinflation and fixed dates (effective 1 July 2011, endorsed 1 January 2013)
- Amendment to IFRS 1, 'First time adoption' on government loans (effective 1 January 2013)
- Amendment to IFRS 7, 'Financial Instruments: disclosure' on asset and liability offsetting (effective 1 January 2013)
- Annual improvements 2011 (effective 1 January 2013)
- IFRIC 20 'Stripping costs in the production phase of a surface mine' (effective 1 January 2013)

New and amended standards and interpretations not effective for current financial period

The following new standards and amendments have been issued but are not effective for the financial period beginning 1 July 2013 and have not been adopted early:

- IFRS 10, 'Consolidated financial statements' (endorsed 1 January 2014)
- IFRS 11, 'Joint arrangements' (endorsed 1 January 2014)
- IFRS 12, 'Disclosure of interests in other entities' (endorsed 1 January 2014)
- IAS 27 (revised 2011), 'Separate financial statements' (endorsed 1 January 2014)
- IAS 28 (revised 2011), 'Associates and joint ventures' (endorsed 1 January 2014)
- Amendments to IFRS 10, 11 and 12 on transition guidance (endorsed 1 January 2014)
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities (effective 1 January 2014)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014**

ACCOUNTING POLICIES - continued

- Amendments to IAS 32 'Financial instruments: Presentation' on asset and liability offsetting (effective 1 January 2014)
- Amendments to IAS 36 'Impairment of assets' on recoverable amount disclosures (effective 1 January 2014)
- Amendments to IAS 39 'Financial instruments: Recognition and measurement' on novation of derivatives and hedge accounting (effective 1 January 2014)
- IFRIC 21, 'Levies' (effective 1 January 2014, endorsed 17 June 2014).

General information

The company is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is: 1st Floor, Unit 16, Manor Court Business Park, Scarborough, YO11 3TU.

Revenue

Revenue, which excludes value added tax, represents the invoiced value of asset management services for the year. Recurring quarterly fees are recognised on an accruals basis and variable performance fees are recognised upon completion of the performance period. All revenue arises from one class of business and within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014**

1. ACCOUNTING POLICIES - continued

Financial instruments

The company recognises financial instruments when it becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to receive the cash flows expires or it has transferred the financial asset and the economic benefit of the cash flows. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial instruments are used to support the company's operations. Interest is charged to the income statement as incurred or earned. Issue costs for instruments subsequently recorded at amortised cost are netted against the fair value of the related debt instruments on initial recognition and are charged to the income statement over the term of the relevant facility.

Financial instruments are recorded initially at fair value. Subsequent measurement depends on the designation of the instrument, as follows:

- a) Financial assets/liabilities held for short term gain, including derivatives other than hedging instruments, are measured at fair value and movements in fair value are credited/charged to the income statement in the year.
- b) Loans and receivables/payables and non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market are measured at amortised cost. These are included in current assets/liabilities except for instruments that mature after more than 12 months which are included in non current assets/liabilities.

Critical judgements in applying accounting policies and key sources of estimation uncertainty

Some of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements, and the key areas summarised below.

Areas of judgement and sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

Review of impairment charges on receivables

The company performs impairment testing in accordance with the receivables accounting policy. The calculation of recoverable amounts requires the use of estimates and assumptions consistent with the most recent budgets and plans that have been formally approved by management.

Estimation of the Net Asset Value ("NAV") of the funds

The revenue received by Valad Asset Management (UK) Limited relates to asset management services provided to property funds. This management services income is recognised in line with the contractual terms of the management agreement. In the majority of cases, the management agreement states that the amount of income is calculated as a percentage of the NAV of the fund. Consequently, the NAV of the fund has a direct impact on the level of management services income recognised.

The most significant attribute contributing towards the NAV of the fund is the value of the investment property within the fund. The fair value of investment property reflects amongst other things, rental income from current leases, assumptions about rental income for future leases and the possible outcome of planning applications, in the light of current market conditions.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014

1. ACCOUNTING POLICIES - continued

Taxation

Current tax

The expense or credit for current tax is based on the results for the year adjusted for items that are either not subject to taxation or for expenditure which cannot be deducted in computing the tax expense or credit. The tax expense or credit is calculated using taxation rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax is recognised in respect of all taxable temporary differences, with certain limited exceptions:

- deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; and

- deferred tax assets are only recognised if it is probable that there will be sufficient profits from which the future reversal of the temporary differences can be deducted. In deciding whether future reversal is probable, the directors review the company's forecasts and make an estimate of the aggregate deferred tax asset that should be recognised. This aggregate deferred tax asset is then allocated into the different categories of deferred tax.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except where it applies to items credited or charged to equity, in which case the deferred tax is also dealt with in equity.

Dividend distribution

Dividend distribution to the company's shareholders is recognised in the financial statements in the year in which the dividends are paid (in the case of interim dividends) or approved by the company's shareholders (in the case of final dividends).

Going concern

The financial statements have been prepared on the going concern basis. In forming their view as to going concern, the directors have prepared working capital projections for the group for the period to 31 December 2015 based on its trading. The directors have also considered alternative scenarios based on key sensitivities. The projections indicate, taking into account the relatively predictable nature of the group costs, that the group will be able to operate within its existing cash resources, taking into account the key sensitivities.

Taking all the above into consideration, the directors believe that the company will be able to meet its liabilities as they fall due for the foreseeable future and that it is appropriate to prepare the company's financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014

1. ACCOUNTING POLICIES - continued

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Trade payables

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

Cash and cash equivalents

In the preparation of the company's statement of cash flows, cash and cash equivalents represent short term liquid investments which are readily realisable. Cash which is subject to restrictions, being held to match certain liabilities, is included in cash and cash equivalents in the statement of financial position.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Fair value estimation

Fair value estimation under IFRS 13 requires the company to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements on its financial assets and liabilities. The fair value hierarchy has the following levels:-

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

The fair value of assets held for sale, other financial assets and investment property are determined by using valuation techniques.

2. EMPLOYEES AND DIRECTORS

The company had no employees during the current or prior year. During the current and prior year the company paid £nil in relation to the remuneration of employees of fellow group companies.

Directors emoluments

The directors have not been remunerated for services to the company in the current or prior year.

3. NET FINANCE INCOME

	30.6.14	30.6.13
	£	£
Finance income:		
Deposit account interest	428	550
	<u>428</u>	<u>550</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014

4. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	30.6.14	30.6.13
	£	£
Foreign exchange differences	3,822	664
Provision for impairment/(reversal of impairment)	9,791	(126)
Management charges payable to group companies	<u>1,402,950</u>	<u>1,402,975</u>

Auditors' remuneration

Auditors remuneration for the current and prior year has been absorbed in full by Valad Management Services Limited, a fellow group company. These fees were £5,000 for the current year (2013: £5,000).

5. INCOME TAX

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2014 nor for the year ended 30 June 2013.

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.14	30.6.13
	£	£
Profit on ordinary activities before income tax	<u>39,166</u>	<u>115,856</u>
Profit on ordinary activities		
multiplied by the standard rate of corporation tax		
in the UK of 22.500% (2013 - 23.750%)	8,812	27,516
Effects of:		
Group relief claimed from fellow group companies for nil consideration	<u>(8,812)</u>	<u>(27,516)</u>
Tax expense	<u>-</u>	<u>-</u>

The main rate of UK corporation tax was reduced from 23% to 21% with effect from 1 April 2014.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014

6. TRADE AND OTHER RECEIVABLES

	30 June 2014	30 June 2013
	£	£
Trade receivables	385,410	109,190
Less provision for impairment of trade receivables	(36,230)	(26,439)
	<u>349,180</u>	<u>82,751</u>
Amounts owed by group undertakings	9,789,238	8,486,957
Accrued income	151,969	287,748
	<u>10,290,387</u>	<u>8,857,456</u>

All amounts owed by group undertakings are interest free, carry no security and are repayable on demand.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables as disclosed above. The company does not hold any collateral as security.

Movements on the company provisions for impairment of trade receivables are as follows:

	30 June 2014	30 June 2013
	£	£
At the start of year	26,439	26,565
Provisions for impairment of receivables	11,315	1,524
Unused amounts reversed	(1,524)	(1,650)
	<u>36,230</u>	<u>26,439</u>

The creation and release of the provision for impaired receivables have been included in 'administrative expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of any additional recoveries.

As at 30 June 2014, there were provisions against trade receivables of £36,230 (2013: £26,439). The ageing analysis of these trade receivables is as follows:

	30 June 2014	30 June 2013
	£	£
Under 3 months	11,315	-
3 to 6 months	-	1,524
Over 6 months	24,915	24,915
	<u>36,230</u>	<u>26,439</u>

As at 30 June 2014, trade receivables of £290,302 (2013: £6,808) were past due but not impaired. These relate to a customer for whom there is no recent history of default and consequently there are no indications at the reporting date that they will not meet their payment obligations. The ageing analysis of these trade receivables is as follows:

	30 June 2014	30 June 2013
	£	£
Under 3 months	290,302	6,808
	<u>290,302</u>	<u>6,808</u>

The other classes within trade and other receivables do not contain impaired assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014

7. CASH AND CASH EQUIVALENTS

	30.6.14	30.6.13
	£	£
Bank accounts	<u>134,805</u>	<u>133,229</u>

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.14	30.6.13
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

9. RESERVES

	Retained earnings £
At 1 July 2013	994,692
Profit for the year	<u>39,166</u>
At 30 June 2014	<u>1,033,858</u>

10. TRADE AND OTHER PAYABLES

	30.6.14	30.6.13
	£	£
Current:		
Trade payables	26,376	19,114
Amounts owed to group undertakings	9,249,914	7,849,914
Other payables	-	10,523
Accruals and deferred income	37,439	36,754
Value added tax	76,605	78,688
	<u>9,390,334</u>	<u>7,994,993</u>

All amounts owed to group undertakings are interest free, carry no security and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014

11. FINANCIAL INSTRUMENTS

The company's principal financial instruments include trade and other receivables, cash and cash equivalents and trade and other payables.

	30.6.14		30.6.13	
	Book value £	Fair value £	Book value £	Fair value £
Assets				
Trade and other receivables	10,290,387	10,290,387	8,857,456	8,857,456
Cash and cash equivalents	134,805	134,805	133,229	133,229
Liabilities				
Trade and other payables	9,390,334	9,390,334	7,994,993	7,994,993

In accordance with IAS 39, the company classifies the receivables and payables in the analysis above as 'loans and receivables' and 'financial liabilities' measured at amortised cost, respectively. At the 2014 and 2013 year ends, the company did not have any 'held to maturity' or 'available for sale' financial assets or 'held for trading' financial assets and liabilities as defined by IAS 39.

The fair value hierarchy at the current and prior year end was level 3.

12. ULTIMATE PARENT COMPANY

The company's immediate parent company is Valad Fund Management Holdings (UK) Limited. The ultimate parent entity and controlling party is Blackstone Real Estate Partners VI LP.

Valad Funds Management Pty Limited, an entity incorporated in Australia, is the parent of the smallest group for which consolidated financial statements are drawn up of which the company is a member. Copies of Valad Funds Management Pty Limited's consolidated financial statements can be obtained from Level 6, 151 Castlereagh Street, Sydney, NSW 2000 Australia.

Acorn FM Holdings (UK) Limited is the parent of the largest group for which consolidated financial statements are drawn up of which the company is a member. Copies of Acorn FM Holdings (UK) Limited's consolidated financial statements can be obtained from 40 Berkeley Square, London, United Kingdom, W1J 5AL.

13. CONTINGENT LIABILITIES

On 31 July 2011 Acorn FM Trustco Pty Limited, a group company, entered into a syndicated facility agreement with National Australia Bank. Under the terms of the agreement the company acts as guarantor to the facility on a joint and several basis with other group companies.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014

14. RELATED PARTY DISCLOSURES

Key management compensation

Key management are the directors and the company secretary. The remuneration paid or payable to key management for employee services is shown in the financial statements of Valad Management Services Limited, a fellow group company. They received no remuneration in respect of their services to the company in the current or prior year.

Amounts owed (to)/by related parties

The funding of Valad (Europe) Limited, intermediate parent, and its subsidiaries ('the group') is controlled centrally. Resources are allocated to different entities within the group according to their needs, which constantly vary due to differing trading patterns, seasonality and other factors.

Amounts owed (to)/by related parties at the reporting date are as follows:

	30 June 2014	30 June 2013
	£	£
Group undertakings		
Valad (Europe) Limited	9,789,238	8,486,957
Valad Management Services Limited	(9,249,914)	(7,849,914)
	<u>539,324</u>	<u>637,043</u>

During the year, Valad Management Services Limited charged the company £1,400,000 (2013: £1,400,000) for overheads and salaries. The amount outstanding at the reporting date in relation to these fees was £1,400,000 (2013: £1,400,000).

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2014

15. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and foreign exchange risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by a central treasury function on a group-wide basis under policies approved by the board of directors. The central treasury function identifies, evaluates and hedges financial risks for the group as a whole. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Credit risk

The company is subject to credit risk arising from outstanding receivables and committed cash and cash equivalents and deposits with banks and financial institutions. The company's policy is to manage credit exposure to trading counterparties within defined trading limits. All of the company's significant counterparties are assigned internal credit limits.

If any of the company's customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the company assesses the credit quality of the customer taking into account its financial position, past experience and other factors.

Liquidity risk

The company is subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plan for growth. The company manages its liquidity requirements with the use of both short and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom position which is used to demonstrate funding adequacy for at least a 12 month period for Valad Property Group as a whole.

The company's main source of liquidity is its asset management business. Cash generation by this business is dependent upon the asset management fees.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the central treasury function aims to maintain flexibility in funding by keeping committed credit lines available.

Foreign exchange risk

The company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than pounds sterling. The currency giving rise to this risk is primarily the Euro. The company does not hedge profit translations exposure, unless there is a corresponding cash flow, since such hedges provide only a temporary deferral of the effects of movement in foreign exchange rates.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to its parent, issue new shares or sell assets to reduce debt.