

Metropolitan Properties (City) Limited

**Directors' report and financial
statements**

Registered number 3245983

For the year ended 31 December 2015

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

The Company's registered number is 3245983.

Business review

The principal activity of the company is property investment. There has been no significant change in the nature of the company's business activity, nor is any envisaged in the immediate future.

Results and dividends

The results for the year are set out in the attached profit and loss account and other comprehensive income and explanatory notes. The financial position of the company at the end of the year is set out in the attached balance sheet and explanatory notes.

The Company did not pay a dividend in the year (2014: £nil). The directors do not propose a final dividend for the year (2014: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

BSE Freshwater (Chairman)
D Davis

The Articles of Association of the Company do not require the directors to retire by rotation.

The directors do not have service contracts.

The majority of the day-to-day management of the Company's properties and its operations are carried out by Highdorn Co. Limited. Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of, Highdorn Co. Limited.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the relevant steps they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


MRM Jenner
Secretary

Registered Office
Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8H
29 September 2016

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

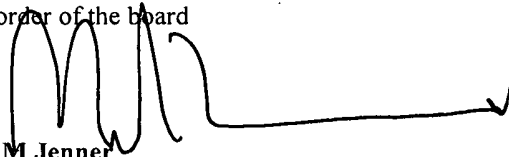
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the board


MRM Jenner
Secretary

Registered Office
Freshwater House
158-162 Shaftesbury Avenue
London WC2H 8HR
29 September 2016



Independent auditor's report to the members of Metropolitan Properties (City) Limited

We have audited the financial statements of Metropolitan Properties (City) Limited for the year ended 31 December 2015 set out on pages 4 to 16. 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*.

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 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 2015 and of its profit 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Bill Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
30 September 2016

Profit and loss account and other comprehensive income
for the year ended 31 December 2015

	Note	2015 £	2014 £
Rents and service charges receivable	3	2,464,517	2,808,057
Property outgoings		(1,186,495)	(1,031,219)
Net property revenue		1,278,022	1,776,838
Net valuation gains on investment property	6	2,261,289	11,245,398
Administrative expenses		(21,500)	(21,500)
Operating profit	3	3,517,811	13,000,736
Interest receivable	4	75	106
Interest payable	4	(3,003,000)	(2,067,000)
Profit on ordinary activities before taxation		514,886	10,933,842
Tax on profit on ordinary activities	5	(90,000)	(707,000)
Profit and total comprehensive income for the financial year		424,886	10,226,842

All of the company's activities are continuing.

The notes on pages 7 to 16 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2015

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2014	1,000	(10,100,950)	(10,099,950)
Profit and total comprehensive income for the financial year	-	10,226,842	10,226,842
Balance at 31 December 2014	1,000	125,892	126,892

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2015	1,000	125,892	126,892
Profit and total comprehensive income for the financial year	-	424,886	424,886
Balance at 31 December 2015	1,000	550,778	551,778

The notes on pages 7 to 16 form part of these financial statements.

Balance sheet
at 31 December 2015

	<i>Note</i>	2015		2014	
		£	£	£	£
Fixed assets					
Investment properties	6	46,814,141		44,552,852	
Current assets					
Debtors	7	1,195,898		1,576,611	
Cash at bank		30,312		30,148	
		<u>1,226,210</u>		<u>1,606,759</u>	
Creditors: amounts falling due within one year	8	(47,488,573)		(46,032,719)	
Net current liabilities		<u>(46,262,363)</u>		<u>(44,425,960)</u>	
Net assets		<u>551,778</u>		<u>126,892</u>	
Capital and reserves					
Called up share capital	9	1,000		1,000	
Profit and loss account		550,778		125,892	
Equity shareholders' funds		<u>551,778</u>		<u>126,892</u>	

The notes on pages 7 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 29 September 2016 and were signed on its behalf by:


BSE Freshwater
 Director

Company registered number: 3245983

Balance sheet
at 31 December 2015

	<i>Note</i>	2015		2014	
		£	£	£	£
Fixed assets					
Investment properties	6	46,814,141		44,552,852	
Current assets					
Debtors	7	1,195,898		1,576,611	
Cash at bank		30,312		30,148	
		<u>1,226,210</u>		<u>1,606,759</u>	
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These financial statements were approved by the board of directors on 29 September 2016 and were signed on its behalf by:

BSE Freshwater
Director

Company registered number: 3245983

Notes

(forming part of the financial statements)

1) Basis of preparation

Metropolitan Properties (City) Company Limited (the "Company") is a company limited by shares and incorporated in the UK. The Company's Registered Office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

The financial statements have been prepared in accordance with Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). These are the company's first financial statements under FRS 102. The presentation currency of these financial statements is sterling.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102 in the transition period. The following exemptions have been taken in these financial statements:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 January 2014, rather than commencement date of the arrangement.
- Lease incentives – for leases commenced before 1 January 2014, the Company continued to account for lease incentives under previous UK GAAP
- Borrowing costs – the Company has elected to capitalise borrowing costs only from the date of transition.

The Company's immediate parent undertaking, Metropolitan Properties Company Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Centremanor Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

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 FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes;
- Key management personnel compensation; and
- Basic and other financial instruments.

The financial statements have been prepared under the historical cost convention except that investment property is measured at fair value.

The financial statements have been prepared in accordance with the accounting principles appropriate to a going concern, notwithstanding the Company's net current liabilities, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Centremanor Limited, the company's intermediate parent undertaking. The Centremanor Limited group has considerable financial resources together with a large property portfolio and access to credit facilities. Centremanor Limited has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods in these financial statements.

Notes (continued)

1) Basis of preparation (continued)

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13.

Turnover

Turnover comprises rents and service charges receivable. Rental income from investment property leased out under operating leases is recognised in profit and loss on a straight line basis over the period to first break clause or reversion to market rent. Lease incentives granted to tenants are recognised on a straight line basis over shorter of the period to first break clause or reversion to market rent. Service charge income is recognised as the services are provided.

Property outgoings

The costs of repairs are recognised in profit and loss in the year in which they are incurred. Lease payments under leases are recognised in profit and loss on a straight line basis over the term of the lease.

Expenses

Interest receivable and interest payable

Interest income and interest payable are recognised in the profit and loss as they accrue. Borrowing costs that are directly attributable to the acquisition, construction or redevelopment of an asset that takes a substantial time to be prepared for use are expensed as incurred.

Interest receivable and similar income include interest receivable in inter-company loans and late payment charges.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit and loss except to the extent that it relates to items recognised directly in the equity or comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expenses 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.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rate and allowances applicable to the sale of the property.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

1) Basis of preparation (continued)

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition:

- a) Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit and loss in the period that they arise; and
- b) No depreciation is provided in respect of investment properties applying the fair value model.

This treatment, as regards the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. Investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

Sales of investment properties

The Company generally holds its properties for the long term in order to generate rental income and capital appreciation although in the right circumstances any property could be available for sale. When an outright sale does occur the resulting surplus based on the excess of sales proceeds over carrying value is included in profit, and taxation applicable thereto is shown as part of the taxation charge. Disposals are recognised on the date the significant risks and rewards of ownership have been transferred. In addition the Company also 'sells' leasehold extensions when requested by leaseholders. The proceeds of these leasehold extension sales, less directly applicable costs, are also included in profit and loss.

Financial instruments

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

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Notes (continued)

1) Basis of preparation (continued)

Basic financial instruments (continued)

Trade and other creditors

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Related party transactions

The Company has taken advantage of the exemptions in FRS 102 in order to dispense with the requirements to disclose transactions with other companies in the Centremanor Limited Group.

2 Turnover

Turnover arises from:

	2015 £	2014 £
Rent receivable	1,571,459	1,969,199
Service charges receivable	893,058	838,858
	<u>2,464,517</u>	<u>2,808,057</u>

The whole of the turnover is attributable to the principal activity of the company, wholly undertaken in the United Kingdom.

3 Operating profit

Operating profit is stated after charging:

	2015 £	2014 £
Audit fees	16,000	16,000
	<u>16,000</u>	<u>16,000</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Centremanor Limited.

None of the directors received remuneration in respect of their services to the Company (2014: nil).
 The Company does not have any employees (2014: None).

Notes *(continued)*

4 Net interest payable

	2015 £	2014 £
Group finance charges payable	(3,003,000)	(2,067,000)
Other interest receivable	75	106
	<u>(3,002,025)</u>	<u>(2,066,894)</u>

5 Taxation

	2015 £	2014 £
a) Analysis of tax charge for the year		
Consideration receivable for group relief:		
Current year	(354,000)	(64,000)
Adjustment in respect of prior year	444,000	771,000
Total current tax charge (see below)	<u>90,000</u>	<u>707,000</u>

	2015 £	2014 £
b) Factors affecting tax charge/(credit) for the year		
Profit on ordinary activities before taxation	514,886	10,933,842
Profits on ordinary activities at the standard rate of 20.25% (2014: 21.5%)	104,264	2,350,776
Disallowed expenses	-	2,515
Timing difference on unrealised gains	(457,911)	(2,417,761)
Adjustment in respect of prior year	444,000	771,000
Sundry differences	(353)	470
Total tax charge (see above)	<u>(90,000)</u>	<u>707,000</u>

Notes (continued)

5 Taxation (continued)

c) Factors affecting future tax charges

Reductions in the UK Corporation Tax rate to 19% (effective from 1 April 2017) and 18% (effective 1 April 2020) were substantively enacted on 18 November 2015. This will reduce the company's future current tax charge accordingly. A further reduction to the UK Corporation Tax rate to 17% was announced on 16 March 2016 but this has not yet been enacted into law.

6 Investment property

	£
Valuation	
Land and buildings (freehold properties):	
At 31 December 2014	44,552,852
Revaluation	2,261,289
	<hr/>
At 31 December 2015	46,814,141
	<hr/> <hr/>

The historical cost of investment properties included in the above valuation is £32,000,000 (2014: £32,000,000)

An independent professional revaluation of all of the Company's freehold and leasehold property was carried out on 31 December 2015 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The revaluation figures are based on open market value assessed in accordance with the RICS Valuation – Professional Standards (2014).

The aggregate professional valuations included in the above table have been reduced by an amount of £185,859 (2014: £447,148) relating to lease incentives included in other debtors.

Valuation techniques and key inputs

The Company's commercial units (£46.8 million) (2014: £44.6 million) were valued using the income capitalisation method, requiring the application of an appropriate market based yield to net operating income. Adjustments are made to allow for voids when less than five years are left under the current tenancy and to reflect market rent at the point of lease expiry or rent review. Equivalent yields used 5.5% and estimated rental values £24.94 per square foot.

7 Debtors

	2015 £	2014 £
Rents and service charges due and accrued	311,248	720,338
Amount due from fellow subsidiary undertaking	99,498	72,761
Consideration receivable for group relief	354,000	86,000
Other debtors and prepayments	431,152	697,512
	<hr/>	<hr/>
	1,195,898	1,576,611
	<hr/> <hr/>	<hr/> <hr/>

All inter-company loans are sterling loans repayable on demand with interest paid at the rate of 6.81% (2014: 4.14%)

Notes (continued)

8 Creditors: amounts falling due within one year

	2015 £	2014 £
Rents charged and paid in advance	519,793	611,059
Amount due to immediate parent undertaking	46,003,316	44,164,133
Consideration payable for group relief	380,000	797,000
Other creditors and accruals	585,464	460,527
	<hr/>	<hr/>
	47,488,573	46,032,719
	<hr/>	<hr/>

All inter-company loans are sterling loans repayable on demand with interest paid at the rate of 6.81% (2014: 4.14%)

9 Called up share capital

	2015 £	2014 £
<i>Authorised, allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

10 Charges on assets and guarantees

The Company has charged its freehold investment properties with a book value at 31 December 2015 of £46,814,141 (2014: £44,552,852) as part security for loan facilities granted to Metropolitan Properties (Commercial) Limited, a subsidiary of an intermediate parent undertaking and also executed a floating charge over all the assets and undertaking of the company.

11 Directors' interests in contracts

The majority or the day-to-day management of the company's properties is carried out by Highdorn Co. Limited, one of the Freshwater Group of Companies, with which this company is closely connected. Mr BSE Freshwater is a director of Highdorn Co. Limited but has a non-beneficial interest in the share capital of that company. During the year £4,393 (2014: £41,059), excluding VAT, was paid to Highdorn Co. Limited for these services which were charged for at normal commercial rates.

12 Ultimate parent undertaking

The parent undertaking of the largest group of undertakings for which group accounts are drawn up is Centremanor Limited, a company registered in England and Wales.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up is Metropolitan Properties Company Limited, a company registered in England and Wales, which is also the immediate parent undertaking.

Copies of these accounts can be obtained from the following address:

Freshwater House, 158/162 Shaftsbury Avenue, London, WC2H 8HR.

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.

Notes *(continued)*

13 Accounting estimates and judgements

i. Property valuations

The valuation of the Company's property portfolio is inherently subjective, depending on many factors, including the individual nature of each property, its location and expected future net rental values, market yields and comparable market transactions (as set out in Note 6). Therefore, the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of difficult market or economic conditions.

ii. Trade debtors

Management uses details of the age of trade debtors and the status of any disputes together with external evidence of the credit status of the counterparty in making judgements concerning any need to impair the carrying values.

14 Explanation of transition to FRS 102 from old UK GAAP

As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Notes (continued)

14 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of equity

	1 January 2014			31 December 2014		
	Effect of transition to			Effect of transition to		
	UK GAAP	FRS 102	FRS 102	UK GAAP	FRS 102	FRS 102
	£	£	£	£	£	
Fixed assets						
Investment properties	33,307,454	-	33,307,454	44,552,852	-	44,552,852
Current assets						
Debtors	12,012,640	-	12,012,640	1,576,611	-	1,576,611
Cash at bank	4,423,750	-	4,423,750	30,148	-	30,148
Creditors : amounts falling due within one year	(88,082,281)	-	(88,082,281)	(46,032,719)	-	(46,032,719)
Net current (liabilities)/assets	26,987,543	-	26,987,543	(44,425,960)		(44,425,960)
Provisions for liabilities (b)	-	-	-	-	-	-
Net (liabilities)/assets	(10,099,950)	-	106,097,734	126,892	-	126,892
Capital and reserves						
Called up share capital	1,000	-	1,000	1,000	-	1,000
Revaluation reserve	(13,692,546)	13,692,546	-	(2,447,148)	2,447,148	-
Profit and loss account	3,591,596	(13,692,546)	(10,100,950)	2,573,040	(2,447,148)	125,892
Equity shareholders' funds	(10,099,950)	-	(10,099,950)	126,892	-	126,892

Notes (continued)

14 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of profit/ (loss) for the year to 31 December 2014

	UK GAAP £	1 December 2014 Effect of transition to FRS 102	
		FRS 102 £	FRS 102 £
Turnover	2,808,057	-	2,808,057
Property outgoings	(1,031,219)	-	(1,031,219)
Gross profit	1,776,838	-	1,776,838
Net valuation gains on investment property	(a) -	11,245,398	11,245,398
Administrative expenses	(21,500)	-	(21,500)
Operating profit	1,755,338	11,245,398	13,000,736
Net interest payable	(2,066,894)	-	(2,066,894)
Loss on ordinary activities before taxation	(311,556)	11,245,398	10,933,842
Tax on loss on ordinary activities	(707,000)	-	(707,000)
Loss for the year	(1,018,556)	11,245,398	10,226,842

The following were changes in accounting policies arising from the transition to FRS 102:

a) Investment property

Changes in the fair value of investment property are recorded in profit and loss under FRS 102; previously these were recognised directly in equity, in a separate revaluation reserve.

Property revenue account
 For the year ended 31 December 2015

	2015		2014	
	£	£	£	£
Rents and charges receivable		2,464,517		2,808,057
Property outgoings:				
General and water rates	88,122		115,356	
Insurance	18,268		17,199	
Repairs and maintenance	116,994		218,502	
Legal and professional charges	1,583		17,636	
Letting commission	34,298		12,844	
Management commission	356,132		107,460	
Light and heat	325,449		300,989	
Porterage and cleaning	245,269		241,324	
		(1,186,495)		(1,031,219)
Net property revenue		1,278,022		1,776,838

This schedule is provided for information purposes only and does not form part of the audited financial statements.