

TOWER GENERAL PARTNER LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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Company No. 03541867

TOWER GENERAL PARTNER LIMITED

COMPANY INFORMATION

Directors	B Stiefel P Lewis
Secretary	NC Brown
Company Number	03541867
Registered Office	York Gate 100 Marylebone Road London NW1 5DX
Auditors	Baker Tilly UK Audit LLP Statutory Auditor Chartered Accountants 25 Farringdon Street London EC4A 4AB

TOWER GENERAL PARTNER LIMITED

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TOWER GENERAL PARTNER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014

Principal Activities

The Company's principal activity is that of an investment company. The Company acts as general partner to the Tower Limited Partnership in which it holds a 0.054% interest and has control over the Partnership's day-to-day operations.

Directors

The directors who served during the year and subsequent to that date were

B Stiefel
P Lewis

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 for that period.

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

- a. select suitable accounting policies and then apply them consistently,
- b. make judgements and accounting estimates that are reasonable and prudent,
- c. 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.

TOWER GENERAL PARTNER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

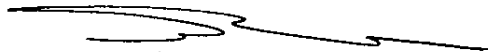
Statement as to Disclosure of Information to the Auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions.



NC Brown, Secretary
25 March 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOWER GENERAL PARTNER LIMITED

We have audited the financial statements on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 more fully explained in the Directors' Responsibilities Statement set out on page 1, 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 (APB'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 the 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOWER GENERAL PARTNER 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 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report

Baker Tilly UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

26 March 2015

TOWER GENERAL PARTNER LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £	2013 £
Income from fixed asset investments	2	204	194
Release of provision against listed investments	5	829	656
Profit on Ordinary Activities before Taxation		1,033	850
Taxation	4	-	-
Profit for the Year	8	1,033	850

All amounts relate to continuing activities

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 December 2014**

	Notes	2014 £	2013 £
Profit for the year		1,033	850
Unrealised surplus on revaluation of fixed asset investments	5	602	-
Total recognised gains and losses relating to the financial year		1,635	850

TOWER GENERAL PARTNER LIMITED

Company Number: 03541867

BALANCE SHEET

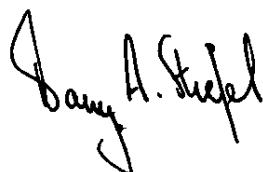
AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Investments	5	8,749	7,318
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	6	100,856	100,652
		<hr/>	<hr/>
NET CURRENT ASSETS		100,856	100,652
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		109,605	107,970
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	7	441	441
Profit and loss account	8	109,164	107,529
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	9	109,605	107,970
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board and authorised for issue on 25 March 2015.

B Stiefel
Director



P Lewis
Director



TOWER GENERAL PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of listed investments and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008)

The Company has taken advantage of the exemptions in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company

Income from Investments

Investment income comprises dividends declared during the accounting period and interest and distributions receivable on listed and unlisted investments

Investments

Unlisted investments are included at cost less provisions. Listed investments are included at market value at the balance sheet date. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities

Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

2 Income from Fixed Asset Investments

Income from fixed asset investment comprises dividends from listed investments of £204 (2013 £194)

3 Administrative Expenses

None of the directors received any remuneration for their services as directors

The audit fees are borne by The Tower Limited Partnership. The audit fee attributable to Tower General Partner Limited is £2,070 (2013 £2,060)

TOWER GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4 Taxation

	2014 £	2013 £
Corporation tax on profits for the year	-	-
Factors affecting tax charge for year:		
Profit on ordinary activities before tax	1,033	850
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK 21.5% (2013: 23.25%)	222	198
Effects of: Other tax adjustments	(222)	(198)
Tax charge for year	-	-

5 Fixed Asset Investments

	Listed Investments (at valuation) £	Other investments (at cost) £	Investment in The Tower Limited Partnership (at cost) £	Total £
At cost or valuation and net book value				
At 1 January 2014	6,851	26	441	7,318
Revaluation of listed investments	1,431	-	-	1,431
At 31 December 2014	8,282	26	441	8,749

Listed Investments

The market value of the investments which were listed on the London Stock Exchange at 31 December 2014 was £8,282 (2013: £6,851). The historical cost of these listed investments as at 31 December 2014 was £7,680 (2013: £7,680)

TOWER GENERAL PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

5 Fixed Asset Investments (continued)

Other Investments

The company holds the following shares in its capacity as General Partner of The Tower Limited Partnership. The Tower Limited Partnership holds the beneficial interest in these shares.

Name of Company	Country of registration (or incorporation and operation)	Holding	Proportion of voting rights and shares held	Nature of business
Tower Management Services Limited	England & Wales	2 £1 ordinary shares	100%	Property management services
The Tower Nominees No 1 Limited	England & Wales	2 £1 ordinary shares	100%	Dormant
The Tower Nominees No 2 Limited	England & Wales	2 £1 ordinary shares	100%	Dormant
Tower Nominees No. 1 Jersey Limited	Jersey	10 £1 ordinary shares	100%	Dormant
Tower Nominees No 2 Jersey Limited	Jersey	10 £1 ordinary shares	100%	Dormant

Investment in The Tower Limited Partnership

The company is the general partner of The Tower Limited Partnership, a qualifying limited partnership established under the Limited Partnership Act 1907, whose registered office is at York Gate, 100 Marylebone Road, London, NW1 5DX. The company's capital contribution of £441 constitutes a 0.054% interest.

A copy of the financial statements for The Tower Limited Partnership will be appended to the company's financial statements filed with the Registrar of Companies.

TOWER GENERAL PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

6 Debtors

	2014 £	2013 £
Amounts due from The Tower Limited Partnership	<u>100,856</u>	<u>100,652</u>

7 Share Capital

	2014 £	2013 £
Allotted, Called Up and Fully Paid		
44,100 Ordinary shares of 1p each	<u>441</u>	<u>441</u>

8 Statement of Movements on Capital and Reserves

	Called up Share Capital £	Profit and Loss Account £	Total £
At 1 January 2014	441	107,529	107,970
Profit for the year	-	1,033	1,033
Unrealised surplus on revaluation of fixed asset investments	-	602	602
At 31 December 2014	<u>441</u>	<u>109,164</u>	<u>109,605</u>

TOWER GENERAL PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

9 Reconciliation of Equity Shareholders' Funds

	2014	2013
	£	£
Total recognised gains and losses for the year	1,635	850
Opening shareholders' funds	107,970	107,120
Closing shareholders' funds	<u>109,605</u>	<u>107,970</u>

10 Immediate and Ultimate Parent Undertaking

The immediate and ultimate parent undertaking and controlling party is K1 Corporation Limited, a company registered in Jersey

11 Related Party Transactions

The directors have taken advantage of the exemptions within FRS8 (Related Party Disclosures) from disclosing transactions with K1 Corporation and its wholly owned subsidiaries

THE TOWER LIMITED PARTNERSHIP

**ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 2014**

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ACCOUNTS
PART OF THE
OF COMPANY
No. 03541867

THE TOWER LIMITED PARTNERSHIP

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THE TOWER LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The General Partner presents its report together with the audited financial statements for the year ended 31 December 2014.

Principal Activities

The Tower Limited Partnership was established and registered on 17 July 1998 as a limited partnership under the Limited Partnerships Act 1907.

The principal activity of the Partnership is investment in Tower 42 and its attached estate.

Partners' Responsibilities Statement

The General Partner is responsible for preparing the Annual Report in accordance with applicable law and regulations.

The Companies Act 2006 as applied to qualifying partnerships by The Partnership (Accounts) Regulations 2008 requires the General Partner to prepare financial statements for each financial year. Under that Law and in accordance with the Limited Partnership Agreement, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The General Partner 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 partnership and of the profit or loss of the partnership for that period.

In preparing those financial statements, the General Partner is required to:

- a. select suitable accounting policies and then apply them consistently,
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. It is also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE TOWER LIMITED PARTNERSHIP

GENERAL PARTNER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

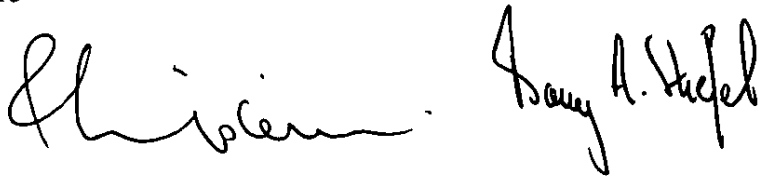
Statement as to Disclosure of Information to the Auditor

The General Partner has confirmed that, as far as it is aware, there is no relevant audit information of which the auditor is unaware. The General Partner has confirmed that it has taken all steps that it ought to have taken as a General Partner in order to make itself aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The auditor, Baker Tilly UK Audit LLP, has indicated its willingness to continue in office.

for and on behalf of Tower General Partner Limited
25 March 2015

A handwritten signature in black ink, appearing to read 'David A. Hefel', is written over the printed name. The signature is fluid and cursive.

INDEPENDENT AUDITOR'S REPORT

TO THE PARTNERS OF THE TOWER LIMITED PARTNERSHIP

We have audited the financial statements on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's partners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the qualifying partnership's partners 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 limited partnership and the qualifying partnership's partners, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of partners and auditor

As more fully explained in the Partners' Responsibilities Statement set out on page 1, the General Partner is responsible for the preparation of 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 (APB'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 qualifying partnership's affairs as at 31 December 2014 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

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 as applied to qualifying partnerships 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 partners' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

26 March 2015

THE TOWER LIMITED PARTNERSHIP
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	17,671,499	17,820,051
Property outgoings		(5,552,440)	(4,261,484)
Gross profit		<u>12,119,059</u>	<u>13,558,567</u>
Administrative expenses		(151,494)	(145,521)
Operating profit		<u>11,967,565</u>	<u>13,413,046</u>
Interest receivable		3,339	6,201
Interest payable and similar charges	4	(13,838,916)	(13,773,896)
Net loss for the year attributable to partners	10	<u>(1,868,012)</u>	<u>(354,649)</u>

All of the above results were derived from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2014

	Notes	2014 £	2013 £
Loss for the year		(1,868,012)	(354,649)
Unrealised (deficit)/surplus on revaluation of investment property	6	<u>(1,327,759)</u>	<u>60,814</u>
Total recognised gains and losses relating to the financial year		<u>(3,195,771)</u>	<u>(293,835)</u>

THE TOWER LIMITED PARTNERSHIP

PARTNERSHIP NUMBER: LP005833

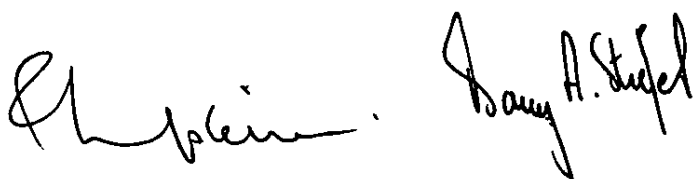
BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014	2013
		£	£
Fixed assets			
Investment properties	6	279,811,599	280,542,315
Current assets			
Debtors	7	4,667,871	4,312,201
Cash at bank and in hand		5,823,791	7,169,467
		<u>10,491,662</u>	<u>11,481,668</u>
Creditors: amounts falling due within one year	8	(12,262,652)	(14,430,664)
Net current liabilities		<u>(1,770,990)</u>	<u>(2,948,996)</u>
Total assets less current liabilities		278,040,609	277,593,319
Creditors: amounts falling due after more than one year	9	<u>(223,123,064)</u>	<u>(219,480,003)</u>
Net assets attributable to partners		<u>54,917,545</u>	<u>58,113,316</u>
Partners' equity interests:			
Partners' capital contribution accounts	10	93,117	93,117
Partners' current accounts	10	3,934,115	5,802,127
Partners' advance accounts	10	42,575,463	42,575,463
Partners' premium account	10	18,231,568	18,231,568
Revaluation reserve account	10	(9,916,718)	(8,588,959)
Total partners' interests	10	<u>54,917,545</u>	<u>58,113,316</u>

The financial statements on pages 4 to 13 were approved by the General Partner and authorised for issue on 25 March 2015

for and on behalf of Tower General Partner Limited



THE TOWER LIMITED PARTNERSHIP

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	2013
		£	£
Net cash inflow from operating activities	11	9,335,419	13,821,285
Returns on investments and servicing of finance			
Interest received		3,339	6,201
Interest paid		(13,767,146)	(13,703,609)
Finance fee		(6,530)	(5,547)
Net cash outflow from returns on investments and servicing of finance		(13,770,337)	(13,702,955)
Capital expenditure			
Freehold land and buildings		(597,043)	(334,833)
Net cash outflow for capital expenditure		(597,043)	(334,833)
Net cash (outflow) before financing		(5,031,961)	(216,503)
Financing			
Repayment of term loan	12	(2,086,495)	(1,983,391)
Loan from fellow subsidiary	12	5,772,780	865,000
Net cash inflow/(outflow) from financing		3,686,285	(1,118,391)
Decrease in cash in the year		(1,345,676)	(1,334,894)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Decrease in cash in the year		(1,345,676)	(1,334,894)
Net cash flow from movement in loans		(3,686,285)	1,118,391
Change in net debt resulting from cash flows		(5,031,961)	(216,503)
Amortisation of deferred finance costs		(65,240)	(64,740)
Movement in net debt in year		(5,097,201)	(281,243)
Net debt at 31 December 2013		(214,397,031)	(214,115,788)
Net debt at 31 December 2014	12	(219,494,232)	(214,397,031)

THE TOWER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Principal Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with The Partnerships (Accounts) Regulations 2008 and under the historical cost convention, with the exception of investment properties which are stated at revalued amounts.

The financial statements present information about the partnership as an individual undertaking and not about its group, as the partnership has taken advantage of the exemption provided by section 402 of the Companies Act 2006 not to prepare consolidated financial statements as the directors of the General Partner consider that all the partnership's subsidiaries may be excluded from consolidation as they are immaterial for purpose of giving a true and fair view

Going Concern

The value of the Partnership's assets is substantially in excess of its liabilities. The directors of the General Partner consider that the Partnership with the continued support of K1 Corporation Limited and its subsidiaries should be able to pay its third party liabilities as they fall due for the foreseeable future and consequently have concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements

Investment Properties

Investment properties are valued on an open market value basis and stated in the balance sheet net of operating lease incentives, which are accounted for in accordance with UITF Abstract 28 and included as accrued income

In accordance with SSAP 19, "Accounting for Investment Properties", investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve, except where a deficit is expected to be permanent in which case it is charged (or credited, where a deficit is reversed) to the profit and loss account of the period. No depreciation is provided in respect of investment properties.

The Companies Act requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

THE TOWER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Principal Accounting Policies (continued)

Recognition of Income

Turnover includes rental income accrued in accordance with UITF Abstract 28. All other income is included in income as earned.

Taxation

The partnership does not constitute a separate taxable entity and as such there is no tax charge provided in these financial statements

Finance Costs

The costs relating to the obtaining of loan finance are amortised through the profit and loss account at a constant periodic rate. Loans are included in the balance sheet at the amount received from the lender less the unamortised costs.

2 Turnover

Turnover is the total amount receivable by the partnership for rent, as adjusted for rent free periods and tenant inducements in accordance with UITF28, excluding VAT and trade discounts

The turnover was derived from the partnership's principal activity, which is property investment, which was carried out wholly in the UK.

	2014 £	2013 £
Rent receivable	16,940,783	18,215,698
Adjustment for operating lease incentives under UITF28	730,716	(395,647)
	<u>17,671,499</u>	<u>17,820,051</u>

3 Operating profit

The operating profit for the year is stated after charging	2014 £	2013 £
Auditor's remuneration	<u>22,220</u>	<u>21,580</u>

None of the partners received any remuneration for management services provided to the partnership

There were no employees of the partnership during the year (2013. None)

THE TOWER LIMITED PARTNERSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4 Interest payable and similar charges

	2014 £	2013 £
Term loan interest	7,157,040	7,300,765
Fellow subsidiary undertaking loan interest	6,610,106	6,402,844
Finance arrangement fees	71,770	70,287
	<u>13,838,916</u>	<u>13,773,896</u>

5 Subsidiary Undertakings

The following shares are held in the name of Tower General Partner Limited in its capacity as General Partner of The Tower Limited Partnership. The Tower Limited Partnership holds the beneficial interest in these shares.

Name of Company	Country of registration (or incorporation and operation)	Holding	Proportion of voting rights and shares held	Nature of business
Tower Management Services Limited	England & Wales	2 £1 ordinary shares	100%	Property management services
The Tower Nominees No. 1 Limited	England & Wales	2 £1 ordinary shares	100%	Dormant
The Tower Nominees No. 2 Limited	England & Wales	2 £1 ordinary shares	100%	Dormant
Tower Nominees No. 1 Jersey Limited	Jersey	10 £1 ordinary shares	100%	Dormant
Tower Nominees No. 2 Jersey Limited	Jersey	10 £1 ordinary shares	100%	Dormant

The only trading subsidiary is Tower Management Services Limited which made a profit of £57,700 during the year ended 31 December 2014 (2013: £2,763 loss) and had capital and reserves of £888,658 at that date (2013: £830,958).

None of the other subsidiaries have traded since incorporation.

THE TOWER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

6 Tangible fixed assets – Investment properties

	Freehold Land and Buildings
	£
At valuation	
At 1 January 2014	280,542,315
Additions	597,043
Deficit on revaluation	(1,327,759)
At 31 December 2014	<u>279,811,599</u>

Freehold Land and Buildings is represented by:	2014 £	2013 £
Valuation – open market basis	282,500,000	282,500,000
Operating Lease incentives (UITF28) (see note 7)	(2,688,401)	(1,957,685)
	<u>279,811,599</u>	<u>280,542,315</u>
Investment property net of operating lease incentives	<u>279,811,599</u>	<u>280,542,315</u>

Investment properties were valued on an open market basis by the General Partner as at 31 December 2014. The open market value was derived from the value attributed to the investment property when the partnership was acquired in March 2012. The historical cost of the freehold land and buildings at 31 December 2014 was £256,005,692 (2013: £255,408,649).

THE TOWER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

7 Debtors

	2014 £	2013 £
Due within one year		
Amounts due from tenants	1,197,243	1,319,259
Other debtors	510,388	1,035,257
Prepayments	271,839	-
Accrued income from operating lease incentives – (see note 6)	2,688,401	1,957,685
	<u>4,667,871</u>	<u>4,312,201</u>

8 Creditors: Amounts Falling Due Within One Year

	2014 £	2013 £
Term loan (secured)	2,194,959	2,086,495
Other taxation and social security	346,644	238,828
Rent deposits	2,435,682	2,127,801
Other creditors	419,354	489,227
Accruals	783,004	244,509
Accrued interest	2,272,203	2,254,791
Rents invoiced in advance	3,158,189	3,842,997
Amounts owed to group undertakings	652,617	3,146,016
	<u>12,262,652</u>	<u>14,430,664</u>

9 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Term loan (secured)	136,485,284	138,615,003
Loan from fellow subsidiary undertaking	86,637,780	80,865,000
	<u>223,123,064</u>	<u>219,480,003</u>

The term loan facility with Aviva Commercial Finance Limited terminates on 20 March 2032. The £145m facility is at a fixed rate of 5.1% per annum. Part of the loan (£80m) is interest only with the balance (£65m) being repayable in quarterly instalments.

The loan from fellow subsidiary undertaking terminates in March 2032 and is not repayable by instalments. This loan has a variable interest rate which for the year to 31 December 2014 was set at 8% (2013: 8%). During the year, a further £5,772,780 was advanced under the loan facility (2013: £865,000).

THE TOWER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Reconciliation of Movements in Partners' Interests

	Partners' Capital Contribution Accounts	Partners' Current Account	Partners' Advance Account	Partners' Premium Account	Revaluation Reserve Account	Total Partners' Interests 2014	Total Partners' Interests 2013
	£	£	£	£	£	£	£
At 1 January 2014	93,117	5,802,127	42,575,463	18,231,568	(8,588,959)	58,113,316	58,407,151
Loss for year	-	(1,868,012)	-	-	-	(1,868,012)	(354,649)
Unrealised (deficit)/surplus on revaluation in the year	-	-	-	-	(1,327,759)	(1,327,759)	60,814
At 31 December 2014	93,117	3,934,115	42,575,463	18,231,568	(9,916,718)	54,917,545	58,113,316
Allocation between partners							
Tower General Partner Limited	441	82,560	-	9,845	(5,355)	87,491	89,216
The Tower Unit Trust	92,676	3,851,555	42,575,463	18,221,723	(9,911,363)	54,830,054	58,024,100
At 31 December 2014	93,117	3,934,115	42,575,463	18,231,568	(9,916,718)	54,917,545	58,113,316

The categories of the partners' interests are defined within the Limited Partnership Agreement and are all only repayable out of capital proceeds that arise if the partnership sells or refinances its freehold investment property and the partnership is dissolved or may be distributable at the discretion of the directors of the General Partner. The allocations of partners' premium account and revaluation reserve account has been made based on the respective capital contributions accounts balance as at 31 December 2014. These accounts are not specifically attributable to any individual partner. The revaluation reserve comprises all unrealised revaluation surpluses on the freehold land and buildings since 20 May 2004, being the date of the amended Limited Partnership Agreement. All unrealised revaluation surpluses prior to this date of £33,722,625 were credited directly to the partners' current accounts in accordance with the previous Limited Partnership Agreement.

THE TOWER LIMITED PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

11 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2014	2013
	£	£
Operating profit	11,967,565	13,413,046
Increase in debtors	(355,670)	(330,745)
(Decrease)/Increase in creditors	(2,276,476)	738,984
Net cash inflow from operating activities	<u>9,335,419</u>	<u>13,821,285</u>

12 Analysis of Net Debt

	1 January 2014	Cash flows	Non-Cash Movements	31 December 2014
	£	£	£	£
Cash at bank and in hand	7,169,467	(1,345,676)	-	5,823,791
Term loan	(140,701,498)	2,086,495	(65,240)	(138,680,243)
Fellow subsidiary undertaking	(80,865,000)	(5,772,780)	-	(86,637,780)
Total	<u>(214,397,031)</u>	<u>(5,031,961)</u>	<u>(65,240)</u>	<u>(219,494,232)</u>

13 Immediate and Ultimate Controlling Party

In the opinion of the General Partner, the immediate parent entity is the Tower Unit Trust and the ultimate parent company is Ki Corporation Limited, a company registered in Jersey

14 Transactions with Related Parties

The General Partner has taken advantage of the exemption available under FRS8 (Related Party Disclosures) not to disclose transactions with wholly owned subsidiaries of Ki Corporation Limited