

Company Number: 04311199

RQ BLOCK D LIMITED
REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2014

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RQ BLOCK D LIMITED (Company number: 04311199)

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the period ended 31 October 2014. The Company changed its year end date from 31 December to 31 October on 31 October 2014 therefore these accounts are for the period from 1 January 2014 to 31 October 2014.

INCORPORATION

RQ Block D Limited (the "Company") was incorporated in the United Kingdom under the laws of England and Wales on 25 October 2001.

ACTIVITIES

The principal activity of the Company is property investment.

RESULTS AND DIVIDENDS

The results for the period are shown on page 6. The Directors do not recommend the payment of a dividend for the period (2013: £nil).

DIRECTORS

The Directors who held office during the period and up to the date of approval of the financial statements were:

W.K Procter	(Resigned 9 October 2014)
C.C McGill	(Resigned 9 October 2014)
J.C Bingham	(Appointed 9 October 2014)
M.C Schnaier	(Appointed 9 October 2014)

REGISTERED OFFICE

(From 20 July 2015)	(From 9 October 2014 up to 19 July 2015)	(Up to 9 October 2014)
Asticus Building, 2nd Floor 21 Palmer Street London SW1H 0AD	Pollen House 10 Cork Street London W1S 3NP	Molteno House 302 Regents Park Road, Finchley London N3 2JX

COMPANY SECRETARY

Sanne Group Secretaries (UK) Limited were appointed as Company Secretary from 9 October 2014. Up to 9 October 2014 the Company Secretary was P. Hallam.

INDEPENDENT AUDITORS

PricewaterhouseCoopers were appointed as auditors during the period and have expressed their willingness to continue in office.

DIRECTORS' CONFIRMATION

Each of the Directors who was a Director at the time when this report is approved confirms that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and the Company's auditors for that purpose, in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

REPORT OF THE DIRECTORS - (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Directors are required to prepare financial statements for each financial year under the Companies Act 2006. As permitted by that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as endorsed for use in the European Union ("IFRSs"). The financial statements are required to give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

However, Directors are also required to:

- * properly select and apply accounting policies;
- * present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- * provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- * make an assessment of the Company's ability to continue as a going concern.

The Directors are also responsible for keeping proper accounting records that are sufficient to show and explain its 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.

The Directors confirm they have complied with the above requirements throughout the period and subsequently.

Financial risk management

The Directors have considered the financial risk factors and mitigations identified and disclosed in note 3 of the financial statements.

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

BY ORDER OF THE BOARD



Authorised Signatory **JASON BINGHAM**
Director

Date: *31 July 2015*

Independent auditors' report to the members of RQ Block D Limited

Report on the financial statements

Our opinion

In our opinion, RQ Block D Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 2014 and of its loss and cash flows for the 10 month period (the "period") 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.
-

What we have audited

RQ Block D Limited's financial statements comprise:

- the Statement of Financial Position as at 31 October 2014;
- the Statement of Profit or Loss and Other Comprehensive Income for the period then ended;
- the Statement of Cashflows for the period then ended;
- the Statement of Changes in Equity for the period 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 the preparation of the financial statements is applicable law and 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.

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 period 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 accounting records and 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; or
- 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.

We have no exceptions to report arising from this responsibility.

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.

Independent auditors' report to the members of RQ Block D Limited (continued)

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 in respect of the financial statements set out on page 3, 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) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Declan Murphy (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin

Date: 06/08/2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**FOR THE PERIOD ENDED 31 OCTOBER 2014****(EXPRESSED IN BRITISH POUNDS)**

	Notes	<u>1 Jan 2014</u> <u>to</u> <u>31 Oct 2014</u> £'000	<u>1 Jan 2013</u> <u>to</u> <u>31 Dec 2013</u> £'000
INCOME			
Turnover	2	26	33
NET INCOME		26	33
EXPENSES			
Administrative expenses		(16)	(11)
Loss on revaluation of investment property	5	(779)	-
OPERATING (LOSS) / PROFIT		(769)	22
FINANCE COSTS			
Interest expense		(5)	(7)
(LOSS) / PROFIT BEFORE TAX		(774)	15
Corporation tax expense	9	-	-
TOTAL (LOSS) / PROFIT FOR THE PERIOD / YEAR		(774)	15

(The notes on pages 10 to 20 form part of these audited financial statements)

STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2014

(EXPRESSED IN BRITISH POUNDS)

	Notes	31 October <u>2014</u> £'000	31 December <u>2013</u> £'000	1 January <u>2013</u> £'000
ASSETS				
Non-current assets				
Investment properties	5	824	1,600	1,600
Current assets				
Receivables	6	3	-	1
TOTAL ASSETS		<u>827</u>	<u>1,600</u>	<u>1,601</u>
LIABILITIES AND EQUITY				
Current liabilities				
Payables	7	16	5	6
Loans payable	8	408	418	433
TOTAL LIABILITIES		<u>424</u>	<u>423</u>	<u>439</u>
Equity				
Share capital	10	-	-	-
Retained earnings		403	1,177	1,162
TOTAL EQUITY		<u>403</u>	<u>1,177</u>	<u>1,162</u>
TOTAL LIABILITIES AND EQUITY		<u>827</u>	<u>1,600</u>	<u>1,601</u>

The financial statements were approved and authorised for issue by the Board of Directors on the 31 day of July 2015 and were signed on its behalf by:

Director: _____



JASON BINGHAM

(The notes on pages 10 to 20 form part of these audited financial statements)

RQ BLOCK D LIMITED (Company number: 04311199)

STATEMENT OF CHANGES IN EQUITY**FOR THE PERIOD ENDED 31 OCTOBER 2014****(EXPRESSED IN BRITISH POUNDS)**

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2013	-	1,162	1,162
Total profit for the year	-	15	15
Balance at 31 December 2013	-	1,177	1,177
Total loss for the period	-	(774)	(774)
Balance at 31 October 2014	-	403	403

A reconciliation of the movements on reserves which took place upon the adoption of IFRSs, from UK GAAP on 1 January 2013 is presented in note 4.

(The notes on pages 10 to 20 form part of these audited financial statements)

STATEMENT OF CASHFLOWS**FOR THE PERIOD ENDED 31 OCTOBER 2014****(EXPRESSED IN BRITISH POUNDS)**

	<u>1 Jan 2014</u> <u>to</u> <u>31 Oct 2014</u> £'000	<u>1 Jan 2013</u> <u>to</u> <u>31 Dec 2013</u> £'000
Cash flows from operating activities		
Total (loss) / profit for the period / year	(774)	15
Adjustments for:		
Unrealised loss on revaluation of investment property	779	-
Changes in working capital:		
(Increase) / decrease in receivables	(3)	1
Increase / (decrease) in payables	11	(1)
Net cash generated from operating activities	<u>13</u>	<u>15</u>
Cash flows from investing activities		
Capital expenditure on investment property	(3)	-
Net cash used in investing activities	<u>(3)</u>	<u>-</u>
Cash flows from financing activities		
Net repayment of borrowings	(10)	(15)
Net cash used in financing activities	<u>(10)</u>	<u>(15)</u>
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period / year	-	-
Cash and cash equivalents at the end of the period / year	<u>-</u>	<u>-</u>

(The notes on pages 10 to 20 form part of these audited financial statements)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 OCTOBER 2014

1. GENERAL INFORMATION

RQ Block D Limited (the "Company") was incorporated in the United Kingdom under the laws of England and Wales on 25 October 2001.

The principal activity of the Company is property investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The Company has prepared these financial statements which comply with International Financial Reporting Standards as endorsed for use in the European Union ("IFRSs"), together with the comparative period data as at and for the year ended 31 December 2013, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Statement of Financial Position was prepared as at 1 January 2013, the Company's date of transition to IFRSs.

Note 4 explains the principal adjustments made by the Company in restating its United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006 financial statements, including the Statement of Financial Position as at 1 January 2013 and the financial statements as at and for the year ended 31 December 2013.

The more significant policies are set out below:

New Accounting Standards, amendments to existing Accounting Standards and / or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the period

The following new standards and amendments relevant to the Company, became effective in the current period:

IAS 1 presentation of financial statements (amendments)

The Company has adopted the amendments to IAS 1 presentation of financial statements for the first time in the current period. The amendments introduce new terminology, whose use is not mandatory. Under the amendments to IAS 1, the 'Statement of Comprehensive Income' is renamed as the 'Statement of Profit or Loss and Other Comprehensive Income'. The amendment retains the option to present profit or loss and other comprehensive income in either a single statement or two separate but consecutive statements. However the amendments require that items of other comprehensive income be grouped into two categories in the other comprehensive income section: a) items that will not be reclassified subsequently to profit or loss and b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentational changes, the application of the amendments of IAS 1 does not result in any impact on the profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

New Accounting Standards, amendments to existing Accounting Standards and / or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the period - (continued)

IFRS 13 Fair value measurements

The Company has applied IFRS 13 for the first time in the current period. IFRS 13 establishes a single source of guidance for fair value measurements. The scope of IFRS 13 is broad and applies to both financial instruments and non-financial instrument items, for which other IFRSs require or permit fair value measurements or disclosures, except share based payment transactions (IFRS 2), leasing transactions (IAS 17) and measurements that have similarities to fair value but are not fair value. IFRS 13 requires prospective application for periods beginning on or after 1 January 2013. Other than additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the statement of financial position.

Except as noted above, in the opinion of the Directors, there are no other mandatory New Accounting Requirements applicable in the current period that have any bearing on the operating activities and disclosures of the Company.

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company

IFRS 9, "Financial Instruments" (Replacement of IAS 39 - "Financial Instruments: Recognition and Measurement")

The complete IFRS 9 standard was issued in July 2014. The standard addresses the recognition, classification and measurement of financial assets and financial liabilities, including impairment and hedge accounting. Upon adoption, IFRS 9 will replace IAS 39 in its entirety.

IFRS 9 requires financial assets to be classified into two measurement categories: (i) those measured at fair value; and (ii) those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The new standard replaces the incurred loss impairment model applicable under IAS 39 with an expected loss impairment model.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 also introduces a substantially reformed model for hedge accounting with enhanced disclosures about risk management activity. IFRS 9 is effective for accounting periods commencing on or after 1st January 2018. Whilst early adoption is permitted at any time prior to this date, the new standard has yet to be endorsed by the European Union. The Company intends to adopt IFRS 9 no later than the mandatory effective date. In the Directors' opinion, early adoption of IFRS 9 would have no material impact on the recognition, measurement or disclosures relating to its financial instruments.

There were no other new accounting requirements having a bearing on the operating activities and disclosures of the Company, and consequently have not been listed.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Going concern

As at 31 October 2014 the Directors believe that the Company has adequate resources to continue in operational existence. This conclusion has been reached based on reviews conducted in relation to the future performance and cash flow forecasts for the foreseeable future. Accordingly, the Directors deem the going concern basis to be appropriate in preparing these financial statements.

The Company has also received a letter of support from its parent company confirming that the intercompany loan as disclosed in note 8 will not be recalled for a period of at least 12 months from the date of signing these financial statements.

Income and Cash flow statements

The Company presents its Statement of Profit or Loss and Other Comprehensive Income by nature of expense.

The Company reports Cash Flows using the indirect method.

The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Company's business activities.

Investment property

Investment property comprises property that is not occupied by the Company and is held to earn rental income, or for capital appreciation, or both. The Directors have elected to adopt the "fair value model" as defined under IAS 40 (Investment Property). Property held under a lease is classified as investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent expenditure is charged to an investment property's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the expenditure can be reliably measured. All other repairs and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Subsequent to initial recognition, investment property is stated at fair value. The investment property held relates to reversionary interests in freehold land. Due to the short time period between the acquisition of the parent company by its immediate parent and the period end, this acquisition value is equivalent to the fair value at the statement of financial position date. In addition to market transactions, the Directors also review discounted cash flow models and future valuations of the investment property will be based upon a discounted cash flow model. This is a change in accounting estimate compared to the prior year. The investment properties were valued by the Directors as at 31 December 2013 based on actuarial valuations.

Gains or losses arising from changes in the fair values are included in the Statement of Profit or Loss and Other Comprehensive Income in the period / year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Cash and cash equivalents

For the purposes of these financial statements, cash comprises cash on hand and demand deposits while cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Receivables

Receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Given the nature of the receivables, however, and the short time involved between their origination and settlement, their amortised cost is the same as their fair value at the date of origination.

Payables

Payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. Given the nature of the payables, however, and the short time involved between their origination and settlement, their amortised cost is the same as their fair value at the date of origination.

Loans receivable and payable

Loans receivable and payable are recognised initially at fair value net of attributable transaction costs. Subsequent to initial recognition, loans are stated at amortised cost using the effective interest rate method.

Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates; its functional currency. As all investments held by the Company and financing received by the Company are in British Pounds (GBP), this is considered to be the functional currency of the Company.

Monetary assets and liabilities are translated into GBP at the rate of exchange ruling at the Statement of Financial Position date. Foreign exchange gains or losses resulting from settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised by the Company in the Statement of Profit or Loss and Other Comprehensive Income.

The financial statements of the Company are presented in GBP.

Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amount of the investment property asset. Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Critical accounting estimates and judgements in applying accounting policies - (continued)

The investment property has been valued using the acquisition value of the parent company by its immediate parent, with reference to a discounted cash flow model. Periodic valuations are undertaken by the Directors, and in assessing the periodic valuation, the methodology is to estimate future cash flows discounted to their present value over an estimated useful economic life, using pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to the asset. By necessity a valuation requires subjective judgements that, even if logical and appropriate may differ from those made by a purchaser, or another party undertaking a valuation. With respect to the methodology adopted, judgements and estimates have been used in calculating the acquisition value. In the prior year judgements and estimates were used in calculating the valuation based on adjusted actuarial valuations.

The investment property assets held relate to reversionary interests in freehold land. As such, these assets are in substance like financial investments as they generate income in the form of annual ground rents and other ancillary income streams.

The Company's investment properties are stated at the acquisition value of the parent company by its immediate parent. The Directors are satisfied that this is the best available estimate of the fair value of the Company's investment property as at 31 October 2014.

Turnover

Turnover represents the value of ground rental income receivable for the period / year on an accruals basis. Turnover arises solely within the United Kingdom.

3. FINANCIAL RISK FACTORS

The Directors carry out the risk management function in respect of financial risks within the Company. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Company's financial assets and financial liabilities comprise trade and other receivables, trade payables and borrowings that arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The Directors review and agree policies for managing its risk exposure. These policies are described below and have remained unchanged for the period under review.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk through its investment properties, as in the event of default by an occupational tenant in the property, the Company would suffer a rental income shortfall. The Directors believe that the Company does not have a concentration of credit risk as the Investment Property portfolio comprises 111 units (31 December 2013: 111 units) let to different tenants.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**FOR THE PERIOD ENDED 31 OCTOBER 2014****3. FINANCIAL RISK FACTORS - (CONTINUED)****a) Credit risk - (continued)**

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	<u>31 Oct 2014</u> <u>£'000</u>	<u>31 Dec 2013</u> <u>£'000</u>
Trade and other receivables	3	-

The fair value of trade and other receivables at 31 October 2014 and 31 December 2013 approximates the carrying value. Further details regarding trade and other receivables can be found in note 6. Trade and other receivables are fully recoverable.

Ground rents provide long term, stable rated income and failure to pay can lead to forfeiture of the tenants' long lease and a windfall gain to the freeholder. The Company has policies in place to monitor the credit quality of receivables on an ongoing basis.

There is no credit risk associated with the Company's financial liabilities.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Company's liquidity position is reviewed on a quarterly basis by the Directors.

The Company's investments comprise only of investment property assets that relate to reversionary interests in freehold land. Property and property related assets are inherently difficult to value. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date.

The table below summarises the Company's exposure to liquidity risk:

	<u>31 Oct 2014</u> <u>£'000</u>	<u>31 Dec 2013</u> <u>£'000</u>
Financial assets - due within one year		
Trade and other receivables	3	-
Financial liabilities - due within one year		
Trade and other payables	(16)	(5)
Loans payable	(408)	(418)
	<u>(424)</u>	<u>(423)</u>

As described below the Company has the benefit of a confirmation from its parent company that the loan payable will not be demanded for repayment within 12 months from the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2014

3. FINANCIAL RISK FACTORS - (CONTINUED)

c) Foreign exchange risk

The Company has no significant exposure to foreign currency risk as at 31 October 2014 and 31 December 2013.

d) Price risk

The Company is not exposed to market risk with respect to financial instruments as it does not hold any marketable financial instruments.

The Company is indirectly exposed to property price and property rental risk. Further details regarding the valuation of Investment Property are provided in note 2 accounting policies under the heading "Investment property" and note 5.

e) Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets.

Amounts due to the parent company bear interest at a rate of LIBOR + 1% which is repayable on demand. The Company is exposed to cash flow risk to the extent that the loan may be demanded for immediate repayment; however the Company has received confirmation that repayment will not be demanded for a period of at least 12 months from the date of approval of these financial statements. Accordingly the Directors believe that the cash flow risk is being managed.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

f) Sensitivity analysis

IFRS 7 requires disclosure of 'sensitivity analysis' for each type of market risk to which the entity is exposed to at the reporting date, showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date. See note 5 for sensitivity analysis on investment properties.

The Company does not have significant variable exposure to interest rate, liquidity, price or foreign exchange risk and therefore no sensitivity analysis for these risks has been disclosed.

4. ADOPTION OF IFRSs

Prior to 1 January 2014 the Company prepared its financial statements under UK GAAP. From 1 January 2014 the Company has elected to prepare the financial statements in compliance with IFRSs. The comparative figures in respect of the 2013 financial statements have been restated to reflect the Company's adoption of IFRSs from the date of transition, being 1 January 2013.

The effect of the conversion from UK GAAP to IFRSs for the Company, is limited to the treatment of the revaluation of investment property. Under UK GAAP the revaluation gain was transferred to the Revaluation Reserve and presented within a Statement of Total Recognised Gains and Losses. Under IFRSs the revaluation gain is presented within the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**FOR THE PERIOD ENDED 31 OCTOBER 2014****4. ADOPTION OF IFRSs - (CONTINUED)**

The table below sets out the opening adjustment made:

	Profit & Loss Account (UK GAAP) £'000	Revaluation Reserve (UK GAAP) £'000	Retained Earnings (IFRSs) £'000	Total £'000
Reserves at 31 December 2012 (under UK GAAP)	(42)	1,204	-	1,162
Transfer to Retained Earnings	42	(1,204)	1,162	-
Reserves at 1 January 2013 (IFRSs)	-	-	1,162	1,162

5. INVESTMENT PROPERTY

	31 Oct 2014 £'000	31 Dec 2013 £'000
Freehold land		
Cost	396	396
Capitalised costs during the period / year	3	-
	399	396
Unrealised appreciation on the revaluation of investments at the start of the period / year	1,204	1,204
Unrealised revaluation loss during the period / year	(779)	-
Unrealised appreciation on the revaluation of investments at the end of the period / year	425	1,204
Fair value	824	1,600

The Company's investment property comprises 111 units (31 December 2013: 111 units) and was revalued on 31 October 2014 to £824,014 (31 December 2013: £1,600,000). The investment property held comprises a portfolio of reversionary interests in freehold land. Due to the short time period between the acquisition of the parent company by its immediate parent and the period end, the fair value at 31 October 2014 has been estimated with reference to the acquisition value. In addition to market transactions, the Directors also review discounted cash flow models and future valuations of the investment property will be based upon a discounted cash flow model. The investment properties were valued by the Directors as at 31 December 2013 based on actuarial valuations.

The highest and best use of the property is the current use. As disclosed in note 2 there was a change in the valuation technique used to estimate the fair value of the investment property during the period.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**FOR THE PERIOD ENDED 31 OCTOBER 2014****5. INVESTMENT PROPERTY - (CONTINUED)**

Details of the Company's investment properties and information about the fair value hierarchy as at 31 October 2014 are as follows:

31 October 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000
Residential units located in the UK	-	-	824
31 December 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000
Residential units located in the UK	-	-	1,600

There were no transfers between the hierarchy levels during the period. A reconciliation of the level 3 positions is provided in the Freehold land table above.

The following sensitivity analysis has been performed by management, with all other things being equal, considering the period end valuation with reference to a discounted cash flow model:

An increase in the discount rate of 0.05% over the useful economic life of the assets would result in a reduction in the portfolio valuation by £10,986.

A decrease in the discount rate of 0.05% over the useful economic life of the assets would result in an increase in the portfolio valuation by £12,381.

The investment property and all other assets of the Company are pledged as collateral under a first floating charge in favour of Boardwalk Finance Limited, the ultimate parent of the Company, with respect to the Senior Loan finance received by the immediate parent company from Boardwalk Finance Limited.

6. RECEIVABLES	31 Oct 2014 £'000	31 Dec 2013 £'000
Due within one year		
Trade receivables	1	-
Prepayments and accrued income	2	-
	3	-
7. PAYABLES	31 Oct 2014 £'000	31 Dec 2013 £'000
Due within one year		
Accruals and deferred income	16	5

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**FOR THE PERIOD ENDED 31 OCTOBER 2014****8. LOANS PAYABLE**

	<u>31 Oct 2014</u>	<u>31 Dec 2013</u>
	£'000	£'000
Amounts due to parent company - interest bearing	408	418

Amounts due to the parent company are unsecured and have no specific repayment date. Interest is charged at LIBOR + 1%.

9. TAXATION

The Company is a resident company assessed to income tax in the UK on UK rental income. The charge to UK corporation tax on ordinary activities for the period was £nil (2013: £nil).

	<u>31 Oct 2014</u>	<u>31 Dec 2013</u>
	£'000	£'000
Factors affecting the tax charge		
(Loss) / profit on ordinary activities before tax	(774)	15
Expected tax charge of 21.59% (2013: 23%)	-	3
Effect of:		
Disallowable expenditure	-	-
Gains, losses, allowances and net income adjustments for tax purposes	5	-
Tax relief brought forward	(5)	(3)
Current tax charge	-	-

10. SHARE CAPITAL

	<u>31 Oct 2014</u>	<u>31 Dec 2013</u>
	£	£
AUTHORISED, ISSUED AND PAID:		
1 ordinary share of £1 each	1	1

11. RELATED PARTY DISCLOSURES

J.C. Bingham and M.C. Schnaier are directors of the Company as well as employees of an affiliate of Sanne Group (UK) Limited, a company which provides administration services to the Company at commercial rates. Administration fees of £1,304 (2013: £nil) were payable to Sanne Group (UK) Limited in respect of the period ended 31 October 2014. Other inter-group transactions are detailed in note 8.

12. DEFERRED TAXATION

As at 31 October 2014 there were no significant deferred tax assets or liabilities (2013: £nil).

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 OCTOBER 2014

13. CONTROLLING PARTY

The Company's immediate parent company is Fairhold Holdings (2005) Limited. The ultimate controlling party is Boardwalk Finance Limited. The Company's results have been consolidated into the consolidated financial statements of Boardwalk Finance Limited.

14. SUBSEQUENT EVENTS

There were no subsequent events requiring adjustment or disclosure at the date of approval of these audited financial statements.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 31 July 2015.