

Crossco Limited

**Directors' report and financial
statements**

Registered number 05073141

Year ended 31 March 2017

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Officers and professional advisors

The board of directors

JC Barnsley
RW Jefferson
ST Glanville

Company secretary

HL Austin

Registered office

First Floor, Finchale House
Belmont Business Park
Durham
DH1 1TW

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company is to hold investments in financial assets and an interest in Limited Partnerships and companies dealing with commercial property investments.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors who held office during the year, and changes since the year end, were as follows:

JC Barnsley
RW Jefferson
ST Glanville (appointed 12 September 2017)

Political contributions

The company made no political donations or incurred any political expenditure during the year (2016: £nil).

Disclosure of information to auditor

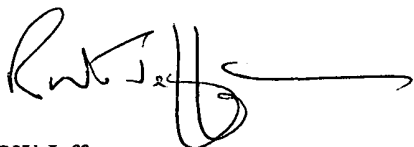
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make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

The directors' report has been prepared taking advantage of the small companies' exemption under Section 415A of the Companies Act 2006.

By order of the board



RW Jefferson
Director

First Floor, Finchale House
Belmont Business Park
Durham
DH1 1TW

20 February 2018

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 IFRSs as adopted by the EU 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 of the company for that year. 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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.



KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Crossco Limited

We have audited the financial statements of Crossco Limited for the year ended 31 March 2017 as set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 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). 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 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 is consistent with the financial statements.

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

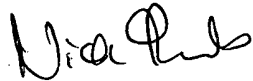
- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Crossco Limited *(continued)*

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 in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

20 February 2018

Income Statement
for the year ended 31 March 2017

| | <i>Note</i> | 2017 £ | 2016 £ |
|--|-------------|-------------|-------------|
| Administrative expenses | | (1,693,976) | (109,999) |
| Share of limited partnerships' losses | 7 | (334,845) | (2,654,594) |
| Dividend income on fixed asset investments | 7 | - | 229,500 |
| Dividend income on financial assets at fair value through profit or loss | 8 | 62,265 | - |
| Reversal of impairment losses | 7 | 1,099,288 | - |
| | | <hr/> | <hr/> |
| Operating loss | 2-3 | (867,268) | (2,535,093) |
| Finance income | 4 | 2,304,585 | 18,706 |
| Finance expenses | 5 | (205,611) | (2,242) |
| | | <hr/> | <hr/> |
| Profit/(Loss) before taxation | | 1,231,706 | (2,518,629) |
| Taxation | 6 | - | - |
| | | <hr/> | <hr/> |
| Profit/(Loss) for the year | 14 | 1,231,706 | (2,518,629) |
| | | <hr/> <hr/> | <hr/> <hr/> |


Statement of Other Comprehensive Income
for the year ended 31 March 2017

| | 2017 £ | 2016 £ |
|--|-------------|-------------|
| Profit/(Loss) for the year | 1,231,706 | (2,518,629) |
| | <hr/> | <hr/> |
| Other comprehensive income | | |
| Other comprehensive income for the year | - | - |
| | <hr/> | <hr/> |
| Total comprehensive income/(expense) for the year | 1,231,706 | (2,518,629) |
| | <hr/> <hr/> | <hr/> <hr/> |

Balance Sheet
as at 31 March 2017

| | <i>Notes</i> | 2017 £ | 2016 £ |
|---------------------------------------|--------------|-------------------------|-------------------------|
| Non-current assets | | | |
| Investments | 7 | 15,207,933 | 19,284,168 |
| Financial assets | 8 | 24,499,400 | - |
| | | <hr/> | <hr/> |
| | | 39,707,333 | 19,284,168 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Trade and other receivables | 9 | 7,203,746 | 8,807,244 |
| Cash and cash equivalents | 10 | 1,313,030 | 8,729 |
| | | <hr/> | <hr/> |
| | | 8,516,776 | 8,815,973 |
| | | <hr/> | <hr/> |
| Total assets | | 48,224,109 | 28,100,141 |
| | | <hr/> | <hr/> |
| Current liabilities | | | |
| Trade and other payables | 12 | (20,528,612) | (29,292,747) |
| | | <hr/> | <hr/> |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | 11 | (27,656,397) | - |
| | | <hr/> | <hr/> |
| Total liabilities | | (48,185,009) | (29,292,747) |
| | | <hr/> | <hr/> |
| Net assets/(liabilities) | | 39,100 | (1,192,606) |
| | | <hr/> | <hr/> |
| Equity | | | |
| Share capital | 13 | 71,710 | 71,710 |
| Share premium | 14 | 10,081,344 | 10,081,344 |
| Retained earnings | 14 | (10,113,954) | (11,345,660) |
| | | <hr/> | <hr/> |
| Total funds/(deficit) | | 39,100 | (1,192,606) |
| | | <hr/> | <hr/> |

These financial statements were approved by the board of directors on 20 February 2018 and were signed on its behalf by:



RW Jefferson
Director

Company registration number: 05073141

Statement of Changes in Equity
for the year ended 31 March 2017

| | Share capital £ | Share premium £ | Retained earnings £ | Total £ |
|--|-----------------------|-----------------------|---------------------------|-------------|
| Balance at 1 April 2015 | 71,710 | 10,081,344 | (8,827,031) | 1,326,023 |
| Total comprehensive income for the year | | | | |
| Loss for the year | - | - | (2,518,629) | (2,518,629) |
| Balance at 31 March 2016 | 71,710 | 10,081,344 | (11,345,660) | (1,192,606) |
| Balance at 1 April 2016 | 71,710 | 10,081,344 | (11,345,660) | (1,192,606) |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 1,231,706 | 1,231,706 |
| Balance at 31 March 2017 | 71,710 | 10,081,344 | (10,113,954) | 39,100 |

Cash Flow Statement
for the year ended 31 March 2017

| | <i>Note</i> | 2017 £ | 2016 £ |
|--|-------------|--------------|-------------|
| Cash flows from operating activities | | | |
| Profit/(loss) for the year | | 1,231,706 | (2,518,629) |
| <i>Adjustments for:</i> | | | |
| Share of limited partnerships' losses | 7 | 334,845 | 2,654,594 |
| Dividend income on fixed asset investments | 7 | - | (229,500) |
| Dividend income on financial assets at fair value through profit or loss | 8 | (62,265) | - |
| Reversal of impairment on fixed asset investments | 7 | (1,099,288) | - |
| Financial income | 4 | (2,304,585) | (18,706) |
| Financial expense | 5 | 205,611 | 2,242 |
| Taxation | 6 | - | - |
| | | <hr/> | <hr/> |
| | | (1,693,976) | (109,999) |
| Decrease in trade and other receivables | | 1,603,498 | 6,008,192 |
| Decrease in trade and other payables | | (3,899,692) | (2,571,147) |
| | | <hr/> | <hr/> |
| | | (3,990,170) | 3,327,046 |
| Interest paid | | (205,611) | (2,242) |
| Tax paid | | - | - |
| | | <hr/> | <hr/> |
| Net cash from operating activities | | (4,195,781) | 3,324,804 |
| | | <hr/> | <hr/> |
| Cash flows from investing activities | | | |
| Distributions from limited partners | | - | 9,159 |
| Interest received | | - | 18,706 |
| Dividends received | 7 | - | 229,500 |
| Proceeds from disposal of financial assets | 8 | 55,114 | - |
| Acquisition of a subsidiary | 7 | (23,765) | (4,752,000) |
| Acquisition of financial assets | 8 | (23,706,562) | - |
| | | <hr/> | <hr/> |
| Net cash from investing activities | | (23,675,213) | (4,494,635) |
| | | <hr/> | <hr/> |
| Cash flows from financing activities | | | |
| Proceeds from secured loan with a related undertaking | | 29,175,295 | - |
| | | <hr/> | <hr/> |
| Net cash from financing activities | | 29,175,295 | - |
| | | <hr/> | <hr/> |
| Net increase/(decrease) in cash and cash equivalents | | 1,304,301 | (1,169,831) |
| Cash and cash equivalents at 1 April | | 8,729 | 1,178,560 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at 31 March | 10 | 1,313,030 | 8,729 |
| | | <hr/> | <hr/> |

Notes

(forming part of the financial statements)

1 Accounting policies

Crossco Limited (the "Company") is a private company incorporated and domiciled in the UK.

The Company is exempt under the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

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

Measurement convention

The financial statements are prepared on the historical cost basis except that certain financial assets are stated at their fair value.

Going concern

The accounts have been prepared on a going concern basis. The company has net current liabilities which includes amounts due to related undertakings. These related party relationships will continue for the foreseeable future and provide the necessary working capital to allow the company to continue to trade. On the basis of these relationships and a detailed review of the company's resources and the challenges presented by the economic climate, the directors are confident that the company has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the accounts.

Foreign currency

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Classification of financial instruments issued by the company

Following the adoption of IAS 32, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method

Investments in debt and equity securities

Investments in subsidiaries, interests in limited partnerships and other investments are carried at cost less impairment. Financial assets designated upon initial recognition are stated at fair value with any resultant gain or loss recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Impairment excluding deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

Notes (continued)

1 Accounting policies (continued)

Impairment excluding deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Income from shares in limited partnerships

The company is a limited partner in partnerships which are held as investments. The limited partners are entitled to a share of the profits/losses, in proportion to their capital contributions, once the profits/losses have been attributable to the general partner and preferred partner, who is entitled to the lower of the attributable profit/loss or 8% of its capital contribution. The company's share of profit/losses are recognised in the income statement in year to which they relate. The company's share of losses is limited to the capital invested.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable and is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, 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 applicable to the sale of the property except for that part of the property that is depreciable and the company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Standards and Interpretations applied for the first time

None of the Adopted IFRSs, which became effective for the first time, had a significant impact on either the company's result for the year or equity.

Adopted IFRS not yet applied

Of the IFRSs that have been issued and endorsed by the EU but have not yet been applied by the company, because they are not yet effective, none are expected to have a material effect on the company's financial statements.

Notes (continued)

1 Accounting policies (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of the company's investments. The main sensitivity around the recoverable amounts of investments is the future trading performances of the company's subsidiaries and limited partnerships. The directors have conducted a review of the carrying value of its investments - see note 7 for further details.

2 Expenses and auditor's remuneration

Included in profit/loss is the following:

Auditor's remuneration:

| | 2017 £ | 2016 £ |
|-------------------------------------|-----------|-----------|
| Audit of these financial statements | 1,500 | 1,500 |

3 Remuneration of directors, staff numbers, and costs

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Sums paid to third parties for directors' services | 6,000 | - |

Fees in respect of directors' services are paid to a related undertaking (see note 17). The company had no other employees during the current year and preceding financial year.

4 Finance income

| | 2017 £ | 2016 £ |
|--|------------------|---------------|
| Interest receivable on loans to related undertakings (note 17) | - | 18,706 |
| Net gains on financial assets designated as fair value through profit or loss (note 8) | 2,130,521 | - |
| Net foreign exchange gain | 174,064 | - |
| | <u>2,304,585</u> | <u>18,706</u> |

5 Finance expenses

| | 2017 £ | 2016 £ |
|--|----------------|--------------|
| Bank interest | 1,064 | 2,242 |
| Interest payable on loans owed to related undertakings (note 17) | 204,547 | - |
| | <u>205,611</u> | <u>2,242</u> |

Notes (continued)

6 Taxation

Recognised in the income statement

| | 2017 £ | 2016 £ |
|----------------------------|-----------|-----------|
| <i>Current tax expense</i> | | |
| Current year | - | - |
| <i>Deferred taxation</i> | | |
| Current year | - | - |
| | <hr/> | <hr/> |
| Total tax expense | - | - |
| | <hr/> | <hr/> |

Reconciliation of effective tax rate

| | 2017 £ | 2016 £ |
|--|-----------|-------------|
| Profit/(Loss) for the year | 1,231,706 | (2,518,629) |
| Total tax expense | - | - |
| | <hr/> | <hr/> |
| Profit/(Loss) excluding taxation | 1,231,706 | (2,518,629) |
| | <hr/> | <hr/> |
| Tax using the UK corporation tax rate of 20% (2016: 20%) | 246,341 | (503,726) |
| Expenses not deductible for tax purposes | 101,184 | 530,919 |
| Income not taxable | (169,590) | (45,900) |
| Current year losses for which no deferred tax asset was recognised | - | 18,707 |
| Utilisation of tax losses for which no deferred tax asset was recognised | (177,935) | - |
| | <hr/> | <hr/> |
| Total tax expense | - | - |
| | <hr/> | <hr/> |

Factors that may affect future current and total tax charges

The company has trading losses of £411,781 (2016: £675,068) available to offset against future trading profits.

Reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2016) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted by the balance sheet date. The unrecognised deferred tax asset at 31 March 2017 has been calculated based on these rates.

Deferred tax assets and liabilities

No deferred tax asset has been recognised as at 31 March 2017 (2016: £nil) as there is insufficient certainty as to when these amounts may be recoverable from future profits

The unrecognised deferred tax assets are attributable to the following:

| | 2017 £ | 2016 £ |
|----------------------------------|-----------|-----------|
| Tax value of loss carry-forwards | 70,003 | 128,263 |
| Capital losses carry-forward | 1,180,241 | 1,458,354 |
| | <hr/> | <hr/> |
| | 1,250,244 | 1,586,617 |
| | <hr/> | <hr/> |

Notes (continued)

7 Investments

| | Shares in group undertakings £ | Interest in limited partnerships £ | Other investments £ | Total £ |
|-----------------------------------|---|---|---------------------------|-------------------|
| Cost | | | | |
| Balance at 1 April 2015 | - | 21,434,000 | 447,168 | 21,881,168 |
| Acquisitions | 4,752,000 | - | - | 4,752,000 |
| Disposals | - | (1,449,000) | - | (1,449,000) |
| Transfer | 235,365 | - | (235,365) | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2016 | 4,987,365 | 19,985,000 | 211,803 | 25,184,168 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 1 April 2016 | 4,987,365 | 19,985,000 | 211,803 | 25,184,168 |
| Acquisitions | 23,765 | - | - | 23,765 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2017 | 5,011,130 | 19,985,000 | 211,803 | 25,207,933 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Impairment | | | | |
| Balance at 1 April 2015 | - | 6,584,637 | - | 6,584,637 |
| Disposal | - | (684,637) | - | (684,637) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2016 | - | 5,900,000 | - | 5,900,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 1 April 2016 | - | 5,900,000 | - | 5,900,000 |
| Impairment losses | - | 4,100,000 | - | 4,100,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2017 | - | 10,000,000 | - | 10,000,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | |
| At 1 April 2015 | - | 14,849,363 | 447,168 | 15,296,531 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 2016 and 1 April 2016 | 4,987,365 | 14,085,000 | 211,803 | 19,284,168 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2017 | 5,011,130 | 9,985,000 | 211,803 | 15,207,933 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Shares in group undertakings

Until 31 March 2015 the company held 5.1% interest in Stampflat Limited. During 2016, the company acquired the remaining 94.9% interest, from a related undertaking, for a consideration of £4,752,000. Stampflat Limited is incorporated in the United Kingdom and operates a commercial property investment business in the United Kingdom. The registered office of Stampflat Limited was: First Floor, Finchale House, Belmont Business Park, Durham, DH1 1TW. During 2016 the company received a dividends of £229,500 from Stampflat Limited.

Interest in limited partnerships

The company owns a 39% investment in Candama Investors Limited Partnership and a 36% investment in Derandd Investment Partners Limited Partnership. The principal activity of these Partnerships is to carry on a commercial property investment business in the United Kingdom. The registered office of both of these partnerships was: First Floor, Finchale House, Belmont Business Park, Durham, DH1 1TW.

Following a review undertaken by the directors the company's interest in Candama Investors Partnership was written down to £nil. The impairment loss of £4,100,000, net of the accumulative share of losses of £5,199,288 already recognised by the company, resulted in a net reversal of £1,099,288 being recognised in the profit and loss. This net amount has been presented as a reversal of impairment losses in the profit and loss account.

Notes (continued)

7 Investments (continued)

Other investments

The company holds a 5.1% interest in Reger Holdings Limited and Branden Property Limited. These companies are incorporated in the United Kingdom and carry on commercial property investment business in the United Kingdom and Germany respectively.

The company's share of the results from its limited partnerships was as follows:

| | 2017 £ | 2016 £ |
|---|-----------|-------------|
| Candama Investors Limited Partnership | (67,722) | (2,828,939) |
| Derandd Investment Partners Limited Partnership | (267,123) | 168,236 |
| MMO Investors Limited Partnership | - | 6,109 |
| | <hr/> | <hr/> |
| Net loss from Limited partnership investments | (334,845) | (2,654,594) |
| | <hr/> | <hr/> |

The company has recognised this net share of loss from limited partnership investments in the profit and loss account.

8 Financial assets

| | 2017 £ | 2016 £ |
|--|------------|-----------|
| Non-current | | |
| Financial assets designated as fair value through profit or loss | 24,499,400 | - |
| | <hr/> | <hr/> |

Financial assets comprise:

| | 2017 £ | 2016 £ |
|-----------------------------------|------------|-----------|
| Equity securities | 18,552,116 | - |
| Bonds | 2,971,622 | - |
| Commodities | 846,205 | - |
| Real estate exchange-traded funds | 435,405 | - |
| Alternative trading strategies | 612,294 | - |
| Multi asset class | 1,081,758 | - |
| | <hr/> | <hr/> |
| | 24,499,400 | - |
| | <hr/> | <hr/> |

Movement in financial assets during the year

| | 2017 £ | 2016 £ |
|----------------------------|-------------------|-----------|
| Balance at 1 April | - | - |
| Additions | 23,706,562 | - |
| Disposals | (55,114) | - |
| Net fair value gains | 2,130,521 | - |
| Dividend income | 62,265 | - |
| Foreign exchange losses | (1,344,834) | - |
| | <hr/> | <hr/> |
| Balance at 31 March | 24,499,400 | - |
| | <hr/> | <hr/> |

Net fair value gains on financial assets designated as fair value through profit or loss are recorded in finance income – see note 4. The above financial assets have been categorised within either Level 1 or Level 2 of the fair value hierarchy outlined in note 15.

The company financial assets are pledged as security in respect of its secured loans from related undertakings.

Notes (continued)

9 Trade and other receivables

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Current | | |
| Amounts due from related undertakings (note 17) | 8,808,656 | 8,807,244 |
| Other receivables | 300 | - |
| | <u>8,808,956</u> | <u>8,807,244</u> |
| Provision for doubtful debts | (1,605,210) | - |
| | <u>7,203,746</u> | <u>8,807,244</u> |

A provision against trade and other receivables is made when these are considered to be impaired after taking into account the specific nature of the receivable. Following a review undertaken by the directors, the amounts due from a related limited partnership were impaired to £nil.

None of the balances noted above in the current and prior period were past their due date.

10 Cash and cash equivalents/ bank overdrafts

| | 2017 £ | 2016 £ |
|--|------------------|--------------|
| Cash and cash equivalents per balance sheet | 1,313,030 | 8,729 |
| Bank overdrafts | - | - |
| | <u>1,313,030</u> | <u>8,729</u> |
| Cash and cash equivalents per cash flow statements | <u>1,313,030</u> | <u>8,729</u> |

11 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the company's exposure to interest rate risk, see note 15.

| | 2017 £ | 2016 £ |
|---|-------------------|-----------|
| Non-current liabilities | | |
| Secured loan from a related undertaking (note 17) | 27,656,397 | - |
| | <u>27,656,397</u> | <u>-</u> |

The loan from a related undertaking is denominated in Euro, secured by a legal charge over the company's cash balances and financial assets and repayable on 30 September 2019.

The loan was arranged at a floating rate linked to LIBOR plus a fixed margin with a minimum rate of 1.45%. The fair value of this loan therefore approximates to its carrying value.

The maturity profile of the company's loan was as follow:

| | 2017 £ | 2016 £ |
|--------------------------------------|-------------------|-----------|
| Within one year | - | - |
| In the second year | 27,656,397 | - |
| In the third to fifth year inclusive | - | - |
| | <u>27,656,397</u> | <u>-</u> |

Notes (continued)

12 Trade and other payables

| | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Current | | |
| Trade payables | 1,800 | 529 |
| Amounts owed to related undertakings (note 17) | 20,422,824 | 29,288,460 |
| Other creditors | 103,988 | 3,758 |
| | <u>20,528,612</u> | <u>29,292,747</u> |

The directors consider that the carrying value of trade and other payables approximates to their fair value. Classification of trade and other payables within current liabilities represent the fact their contractual cash flows are due in less than one year.

13 Called up share capital

| | Ordinary shares | | Deferred ordinary shares | |
|--|-----------------|----------------|--------------------------|------------------|
| | 2017 Number | 2016 Number | 2017 Number | 2016 Number |
| In issue at 1 April and 31 March - fully paid | 180 | 180 | 7,152,954 | 7,152,954 |
| | <u>180</u> | <u>180</u> | <u>7,152,954</u> | <u>7,152,954</u> |
| | | | 2017 £ | 2016 £ |
| Allotted, called up and fully paid | | | | |
| 180 ordinary shares of £1 each | | | 180 | 180 |
| 7,152,954 deferred ordinary shares of £0.01 each | | | 71,530 | 71,530 |
| | | | <u>71,710</u> | <u>71,710</u> |
| Shares classified in shareholders' funds | | | <u>71,710</u> | <u>71,710</u> |

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The deferred ordinary shares carry no voting rights and have no rights to dividends or capital payment in the event of a winding up of the company.

Dividends

No dividend was recognised during the year (2016: £nil).

Notes (continued)

14 Reserves

| | Share premium £ | Retained earnings £ |
|--------------------------|-----------------------|---------------------------|
| Balance at 1 April 2015 | 10,081,344 | (8,827,031) |
| Loss for the year | - | (2,518,629) |
| | <hr/> | <hr/> |
| Balance at 31 March 2016 | 10,081,344 | (11,345,660) |
| | <hr/> | <hr/> |
| Balance at 1 April 2016 | 10,081,344 | (11,345,660) |
| Profit for the year | - | 1,231,706 |
| | <hr/> | <hr/> |
| Balance at 31 March 2017 | 10,081,344 | (10,113,954) |
| | <hr/> | <hr/> |

15 Financial instruments

The company's financial assets and liabilities consist primarily of investments in equity and debt securities, cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing loans and borrowings. The company has no external borrowings. The company does not trade in financial instruments.

Fair value of financial instruments

Investments in debt and equity securities

Financial assets designated upon initial recognition are stated at fair value. The fair value of financial assets is estimated with reference to i) current or recent quoted market prices in an active market and ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated at its carrying value where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if this is material.

Trade and other payables

The fair value of trade and other payables is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Fair value hierarchy

The company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market prices (unadjusted) in an active market for an identical item.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs. This category includes those items where the valuation technique includes inputs not based on observable data and the unobservable data have a significant effect on the valuation.

Notes (continued)

15 Financial instruments (continued)

The fair values of all other financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

| | Carrying amount £ | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|---|-------------------------|-------------------|-------------------|--------------|-------------------|
| 2017 | | | | | |
| Fair value | | | | | |
| Loans and receivables | | | | | |
| Cash and cash equivalents | 1,313,030 | 1,313,030 | - | - | 1,313,030 |
| Trade and other receivables | 7,203,746 | - | 7,203,746 | - | 7,203,746 |
| Financial assets at fair value through profit or loss | 24,499,400 | 21,929,436 | 2,569,964 | - | 24,499,400 |
| Total financial assets | 33,016,176 | 23,242,466 | 9,773,710 | - | 33,016,176 |
| 2016 | | | | | |
| Fair value | | | | | |
| Financial liabilities measured at amortised cost | | | | | |
| Secured loan from a related undertaking | 27,656,397 | - | 27,656,397 | - | 27,656,397 |
| Trade and other payables | 105,788 | - | 105,788 | - | 105,788 |
| Amounts owed to related undertakings | 20,422,824 | - | 20,422,824 | - | 20,422,824 |
| Total financial liabilities | 48,185,009 | - | 48,185,009 | - | 48,185,009 |
| 2016 | | | | | |
| Fair value | | | | | |
| Loans and receivables | | | | | |
| Cash and cash equivalents | 8,729 | 8,729 | - | - | 8,729 |
| Trade and other receivables | 8,807,244 | - | 8,807,244 | - | 8,807,244 |
| Total financial assets | 8,815,973 | 8,729 | 8,807,244 | - | 8,815,973 |
| Financial liabilities measured at amortised cost | | | | | |
| Trade and other payables | 4,287 | - | 4,287 | - | 4,287 |
| Amounts owed to related undertakings | 29,288,460 | - | 29,288,460 | - | 29,288,460 |
| Total financial liabilities | 29,292,747 | - | 29,292,747 | - | 29,292,747 |

Management of financial risk

The company's risk management policies are established to identify and analyse the risk faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The main risks associated with the company's financial instruments have been identified as credit risk and liquidity risk.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations and arises from the company's amounts due from related parties and other receivables. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits. The carrying amount of balances due from related parties and other receivables in the balance sheet represents the maximum exposure to credit risk. There were no balances past their due date at the balance sheet date.

The directors consider the company's exposure to credit risk to be acceptable and normal for entities of its size.

Notes (continued)

15 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the company's reputation.

Whilst the company has no external borrowing, it has net current liabilities at the year end which includes amounts due to related undertakings. These related party relationships will continue for the foreseeable future and provide the necessary working capital to allow the company to continue to trade. On the basis of these relationships and a detailed review of the company's resources and the challenges presented by the economic climate, the directors are confident that the company has sufficient cash flows to meet its liabilities as they fall due.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

| | 2017 | | | | |
|---|-----------------------------------|----------------------------------|----------------------------------|---------------------------|--------------------------|
| | Due within 1 year or less £ | Due within 1 and 2 years £ | Due within 2 and 5 years £ | Due after 5 years £ | Total £ |
| Secured loan from a related undertaking | 401,018 | 401,018 | 27,856,906 | - | 28,658,942 |
| Trade and other payables | 105,788 | - | - | - | 105,788 |
| Amounts owed to related undertakings | 20,422,824 | - | - | - | 20,422,824 |
| | <u>20,929,630</u> | <u>401,018</u> | <u>27,856,906</u> | <u>-</u> | <u>49,187,554</u> |
| Less: interest | (401,018) | (401,018) | (200,509) | - | (1,002,545) |
| | <u>20,528,612</u> | <u>-</u> | <u>27,656,397</u> | <u>-</u> | <u>48,185,009</u> |
| | <u><u>20,528,612</u></u> | <u><u>-</u></u> | <u><u>27,656,397</u></u> | <u><u>-</u></u> | <u><u>48,185,009</u></u> |
| | 2016 | | | | |
| | Due within 1 year or less £ | Due within 1 and 2 years £ | Due within 2 and 5 years £ | Due after 5 years £ | Total £ |
| Trade and other payables | 4,287 | - | - | - | 4,287 |
| Amounts owed to related undertakings | 29,288,460 | - | - | - | 29,288,460 |
| | <u>29,292,747</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,292,747</u> |
| Less: interest | - | - | - | - | - |
| | <u>29,292,747</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,292,747</u> |
| | <u><u>29,292,747</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>29,292,747</u></u> |

Sensitivity analysis

A change of 1% in interest rates at the balance sheet date would have decreased equity by £276,564 (2016: £nil). This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis also assumes that all other variables remain constant and considers the effect of the fixed rate element of the shareholder loan. The analysis is performed on the same basis for 2016.

Capital management

The company defines capital as share capital and retained earnings. The company's objective in capital management is to safeguard its ability to continue as a going concern providing returns to shareholders, through optimisation of the debt and equity balance, and to maintain a strong credit rating and headroom. The company manages its capital structure and makes appropriate decisions in light of the current economic conditions and strategic objectives of the company.

Notes (continued)

16 Commitments

Capital commitments

Capital commitments at the end of the period for which no provision has been made amounted to £nil (2016: £nil).

17 Related party transactions

During the year the company undertook the following transactions with its subsidiary undertaking:

| | Transactions in | | Amounts due from | | Amounts due to | |
|--------------------------|-----------------|----------------|------------------|----------|----------------|------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ | £ | £ |
| Stampflat Limited | | | | | | |
| Payments on account | - | - | - | - | 10,772,500 | 10,772,500 |
| Dividends received | - | 229,500 | - | - | - | - |
| | <u>-</u> | <u>229,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

During the year the company undertook the following transactions with limited partnerships in which the company had an interest:

| | Transactions in | | Amounts due from | | Amounts due to | |
|--|-----------------|--------------|------------------|-----------|----------------|-----------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ | £ | £ |
| Candama Investors LP | | | | | | |
| Attributable share of results | (67,722) | (2,828,939) | - | - | - | 5,131,566 |
| Payments made on account | - | - | 1,605,210 | 1,605,361 | - | - |
| Derandd Investment Partnership LP | | | | | | |
| Attributable share of results | (267,123) | 168,236 | - | - | 2,182,794 | 1,915,671 |
| Payments made on account | 1,563 | - | 6,461,779 | 6,460,216 | - | - |
| MMO Investors LP | | | | | | |
| Attributable share of results | - | 6,109 | - | - | - | - |
| | <u>-</u> | <u>6,109</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

During the year the company undertook the following transactions with a Trust for which JC Barnsley acts as a trustee:

| | Transactions in | | Amounts due from | | Amounts due to | |
|-------------------------------------|-----------------|----------|------------------|----------|----------------|-----------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ | £ | £ |
| Will Trusts of Michael Noble | | | | | | |
| Payments received on account | - | - | - | - | 1,783,787 | 5,974,917 |
| Loans received | - | - | - | - | 27,656,397 | - |
| Interest payable on loans | 204,547 | - | - | - | - | - |
| | <u>204,547</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Notes (continued)

17 Related party transactions (continued)

During the year the company undertook the following transactions with companies whose directors included JC Barnsley and RW Jefferson:

| | Transactions in | | Amounts due from | | Amounts due to | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ | £ | £ |
| API Limited | | | | | | |
| Management fees payable | - | 10,157 | - | - | 20,672 | 9,500 |
| Birkswell Holdings Limited | | | | | | |
| Interest receivable | - | 18,706 | - | - | - | - |
| Purchase of shares in subsidiary | - | 4,752,000 | - | - | - | - |
| Jolan Piccadilly Limited | | | | | | |
| Payments received on account | - | - | - | - | 4,328,464 | 4,328,464 |
| Masterfone Limited | | | | | | |
| Payments received on account | - | - | - | - | 1,334,607 | 1,155,842 |
| Michael Noble Investments | | | | | | |
| Fees charged | 6,000 | - | - | - | - | - |
| Reger Holding Limited | | | | | | |
| Payments made on account | - | - | 741,667 | 741,667 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

All related party balances are unsecured and will be settled by cash generated from operations.

Transactions with key management personnel

Directors of the company and their immediate relatives control none of the voting shares of the company.

Key management personnel (including the directors) are not compensated by the company. Compensation in respect of key management personnel is instead recharged to the company through fees payable to Michael Noble Investments, a related undertaking, as noted above.

18 Ultimate parent company and parent company of larger group

Jolan Limited, MNFI General Partner Limited and Sugar Beach Limited hold 19.4%, 44.5% and 36.1% of the ordinary shares of the company respectively. The directors do not consider there to be an ultimate controlling party.

The results of the company are not included in any group financial statements.