

# **Limecay Limited**

Annual report and financial statements

Registered number 05828394

Year ended 31 December 2016

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## **Company information**

<b>Directors</b>	Timothy Otway Alan Joseph Sherling Alan William Green
<b>Secretary</b>	Blakelaw Secretaries Limited
<b>Auditor</b>	KPMG LLP Plym House 3 Longbridge Road Marsh Mills Plymouth PL6 8LT
<b>Bankers</b>	The Royal Bank of Scotland plc London Corporate Services 2½ Devonshire Square London EC2M 4XJ
<b>Solicitors</b>	Blake Lapthorn LLP New Kings Court Tollgate Chandlers' Ford Eastleigh SO53 3LG
<b>Registered office</b>	New Kings Court Tollgate Chandlers' Ford Eastleigh SO53 3LG
<b>Registered number</b>	05828394

## Strategic report

### Business review

The directors are satisfied with the results for the year. Details of the results for the year are set out in the income statement on page 9.

Limecay Limited rents the nursing and care homes it owns to a single tenant which operates nursing and care homes.

During the year the company performed a capital reduction as part of a return of funds to the shareholders.

### Key risks and uncertainties

The Board of Directors has a well established process for identifying business risks, evaluating controls and establishing and executing action plans.

A key risk that Limecay Limited faces is that its tenant could not pay its rent. The tenant is supported by strong future demand for its services based on the demographics of the UK population. The long term growth in older population and rising affluence continues to offer opportunities for investment in the sector. The Directors continue to believe these projections still hold true.

The other primary risk that the company faces relate to any potential decline in the property market which could lead to a devaluation in the value of the property portfolio. The shareholders take a long term view on the property valuation and believe they can manage this risk given the quality of their tenants and their funding structure.

Given the nature of the Company's activity the use of KPIs is limited. The Directors monitor the performance of the tenant to ensure the serviceability of rent is sufficient.

### Future prospects

The directors expect the Company to maintain its current performance.

By order of the board.



Alan Sherling  
Director

23rd June 2017

New Kings Court  
Tollgate  
Chandlers' Ford  
Eastleigh  
SO53 3LG

June 2017

## **Directors' report**

The directors present their directors' report and the audited financial statements for the year ended 31 December 2016.

### **Principal activities**

The principal activity of the Company is the investment in and leasing of nursing and care homes properties.

### **Dividends**

The directors do not recommend the payment of a dividend (2015: £nil).

### **Directors and directors' interests**

The directors who held office during the year and up to the date of approval of these financial statements were as follows:

Timothy Otway  
Alan Joseph Sherling  
Alan William Green

### **Political and charitable contributions**

The group made no political or charitable donations during the year (2015: £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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

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

By order of the board.

  
Alan Sherling  
Director

23rd June 2017

New Kings Court  
Tollgate  
Chandlers' Ford  
Eastleigh  
SO53 3LG

June 2017

## **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.



## **Independent auditor's report to the members of Limecay Limited**

We have audited the financial statements of Limecay Limited for the year ended 31 December 2016 (set out on pages 9 to 23). The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared 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 Strategic report and the Directors' report:

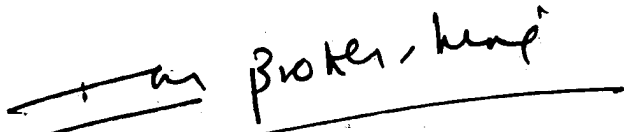
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of Limecay 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.

  
**Ian Brokenshire (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

Plym House  
3 Longbridge Road  
Plymouth  
PL6 8LT

29<sup>th</sup> June 2017



## Income Statement

for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Turnover	1	96,954	95,834
Operating expenses		(128)	(144)
<b>Gross and operating profit</b>		<b>96,826</b>	<b>95,690</b>
Fair value gain on investment properties	7	94,991	-
Loss on sale of assets		(2,128)	-
Interest payable and similar charges	4	(147,332)	(74,914)
Interest receivable and similar income	5	2	4
<b>Profit on ordinary activities before taxation</b>	2	<b>42,359</b>	<b>20,780</b>
Tax credit on profit on ordinary activities	6	3,607	6,844
<b>Profit for the financial year</b>		<b>45,966</b>	<b>27,624</b>

All items related to continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

## Statement of Comprehensive Income

for the year ended 31 December 2016

	2016 £000	2015 £000
Profit for the year	45,966	27,624
<b>Other comprehensive income:</b>		
Recycling of hedge reserve	20,900	20,901
<b>Total comprehensive income</b>	<b>66,866</b>	<b>48,525</b>

## Statement of Changes in Equity

	Share Capital	Hedge Reserve	Profit and Loss Account	Total Equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2015	117,047	(323,226)	219,264	(13,085)
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	27,624	27,624
Other comprehensive income	-	20,901	-	20,900
<b>Total comprehensive income for the period</b>	-	20,901	27,624	48,525
<b>Balance at 31 December 2015</b>	<b>117,047</b>	<b>(302,325)</b>	<b>246,888</b>	<b>61,610</b>

	Share Capital	Hedge Reserve	Profit and Loss Account	Total Equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2016	117,047	(302,325)	246,888	61,610
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	45,966	45,966
Share capital reduction	(100,000)	-	-	(100,000)
Other comprehensive income	-	20,900	-	20,900
<b>Total comprehensive income for the period</b>	<b>(100,000)</b>	<b>20,900</b>	<b>45,966</b>	<b>(33,134)</b>
<b>Balance at 31 December 2016</b>	<b>17,047</b>	<b>(281,425)</b>	<b>292,854</b>	<b>28,476</b>

**Statement of Financial Position**  
at 31 December 2016

	Note	2016	2015
		£000	£000
<b>Fixed assets</b>			
Investment properties	7	1,471,808	1,380,539
		<u>1,471,808</u>	<u>1,380,539</u>
<b>Current assets</b>			
Debtors	8	12,994	42,732
Cash at bank and in hand		6,472	293
		<u>19,466</u>	<u>43,025</u>
Creditors: amounts falling due within one year	9	(84,384)	(21,974)
		<u>(64,918)</u>	<u>21,051</u>
<b>Net current (liabilities)/ assets</b>			
		<u>1,406,890</u>	<u>1,401,590</u>
<b>Total assets less liabilities</b>			
Creditors: amounts falling due after more than one year	10	(1,378,414)	(1,339,980)
		<u>28,476</u>	<u>61,610</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	13	17,047	117,047
Profit and loss account		292,854	246,888
Hedge reserve		(281,425)	(302,325)
		<u>28,476</u>	<u>61,610</u>
<b>Equity shareholders' funds</b>			

The notes from pages 13 to 23 form part of the financial statements.

These financial statements were approved by the board of directors on behalf by:

June 2017 and were signed on its



Alan Sherling  
Director

Company Number: 05828394

22 June 2017.

## Cash flow statement

for the year ended 31 December 2016

	2016 £000	2015 £000
<b>Cash flows from operating activities</b>		
Profit for the year	45,966	27,624
Adjustments for:		
Fair value movement on investment properties	(94,991)	-
Loss on sale	2,128	-
Interest payable and similar charges	147,332	74,914
Interest receivable and similar income	(2)	(4)
Taxation	(3,607)	(6,844)
	<hr/>	<hr/>
(Increase)/decrease in trade and other debtors	96,826	95,690
(Decrease)/increase in trade and other creditors	3,318	(14,230)
	(14,488)	275
	<hr/>	<hr/>
Tax received/(paid)	85,656	81,734
	-	141
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>85,656</b>	<b>81,875</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Interest received	2	4
Proceeds from sale of investment properties	2,251	-
Acquisition of investment property	(657)	-
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	<b>1,596</b>	<b>4</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Interest paid	(81,073)	(81,860)
<b>Net cash from financing activities</b>	<b>(81,073)</b>	<b>(81,856)</b>
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	6,179	19
Cash and cash equivalents at 1 January	293	274
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	<b>6,472</b>	<b>293</b>
	<hr/>	<hr/>

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

Limecay Limited ("the company") is a company limited by shares and incorporated and domiciled in the UK.

#### ***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2015. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

#### ***Measurement Convention***

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss and investment property.

#### ***Going concern***

The financial statements have been prepared on a going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

#### ***Turnover***

Revenue is derived from leasing its properties to its tenant under an operating lease and income is recognised on a straight line basis over the period of the lease. All turnover is derived within the same geographical area from the same activity.

#### ***Interest Payable***

Interest payable and similar charges include interest payable, amortisation of hedge reserves and the impact of fair value movements in financial instruments.

## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### ***Taxation***

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

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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

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

#### ***Fixed assets - investment properties***

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

Subsequent to initial recognition investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise. No depreciation is provided in respect of investment properties applying the fair value model.

#### ***Basic Financial instruments***

##### ***Trade and other debtors / creditors***

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

##### ***Interest-bearing borrowings classified as basic financial instruments***

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### ***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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Other Financial instruments*

##### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

##### *Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

##### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other Comprehensive Income ("OCI"). Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

During 2013 Loan Notes ("Notes") were issued. These Notes are listed on the Cayman Islands Stock Exchange and due for redemption in 2020. See note 11.

On 6 September 2013 the Company paid £905.3m in settlement of the outstanding debt owed to Barchester Holdco Limited, the immediate parent undertaking of the Company at that date.

The Company further paid £187.7m to Royal Bank of Scotland Plc ("RBS") on 10 September 2013 to terminate the interest rate swaps. The Company retains the limited price inflation swaps ("LPI swaps") with RBS. See note 16.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Impairment***

##### ***Financial assets (including trade and other debtors)***

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. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### ***Operating Segments***

Under FRS 102, all companies with publicly listed equity or debt must apply IFRS 8 *Operating Segments*. The company has only one operating segment and as such no additional disclosure is required.



## Notes *(continued)*

### 2 Auditor's remuneration

	2016 £000	2015 £000
Audit of these financial statements	21	18
Tax related services	20	20
	<u>          </u>	<u>          </u>

### 3 Staff numbers and costs

The Company had no employees other than directors (2015: nil).

The directors received emoluments of £40,820 (2015: £41,475) for services to the Company during the year.

The company did not operate a scheme for post-retirement benefits.

### 4 Interest payable and similar charges

	2016 £000	2015 £000
On loan notes, intercompany loans and overdrafts	79,110	78,894
Amortisation of finance issue costs and swaps	26,604	26,604
Fair value movement on LPI swap	41,618	(30,584)
	<u>          </u>	<u>          </u>
	147,332	74,914
	<u>          </u>	<u>          </u>

### 5 Interest receivable and similar income

	2016 £000	2015 £000
Interest receivable	2	4
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Taxation

	2016 £000	2015 £000
<b>UK corporation tax</b>		
Current tax on income for the year	-	-
Adjustments in respect of prior periods	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination/reversal of timing differences (see note 12)	(4,097)	10,632
Deferred tax on hedge recycling	(5,703)	(5,703)
Effects of change in corporation tax rate	(7,113)	(11,019)
Deferred taxation on revaluation of Investment Property	16,339	(754)
Adjustments in respect of prior periods	(3,033)	-
<b>Total deferred tax</b>	(3,607)	(6,844)
<b>Tax credit on (loss)/profit on ordinary activities</b>	(3,607)	(6,844)
	2016 £000	2015 £000
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	42,359	20,780
Current tax at 20.00% (2015: 20.25%)	8,472	4,208
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(314)	(552)
Impact of change in tax rates	(7,113)	(11,336)
Deferred Tax not recognised	997	1,590
Deferred taxation on revaluation of Investment Property	(2,616)	(754)
Adjustments in respect of prior periods	(3,033)	-
<b>Total (credit)/charge (see above)</b>	(3,607)	(6,844)

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016.

In addition in December 2016 the UK government published draft legislation in respect of interest relief restrictions which could impact upon the company's ability to utilise the deferred tax asset held in respect of losses. The legislation has not been enacted and the full impact for the company is currently uncertain and as such no adjustment has been made to the carrying value.

## Notes (continued)

### 7 Investment properties

	2016 £000	2015 £000
Directors' valuation at 1 January	1,380,539	1,380,539
Acquisition of investment property	657	-
Disposal of investment property	(4,379)	-
Fair value movement in the year	94,991	-
	<hr/>	<hr/>
Valuation at 31 December	1,471,808	1,380,539
	<hr/>	<hr/>

The investment properties held by the Company are carried at fair value through profit or loss. The year end valuation is based on a valuation performed by the Directors. In undertaking their valuation the Directors took reference from a valuation performed in September 2016 by Colliers CRE, external surveyors. The Colliers review was a desktop review being an update of a full review performed in September 2013 that was conducted in accordance with the practice statements in the valuation standards (The Red Book) published by the Royal Institution of Chartered Surveyors. Colliers CRE are members of the Royal Institution of Chartered Surveyors and have appropriate qualification and recent experience in the valuation of properties in the relevant locations.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the note 1 accounting policies.

The disposal of investment property led to a loss on disposal of £2,128k (2015: £nil).

### 8 Debtors

	2016 £000	2015 £000
Prepayments	12,994	16,312
Amounts owed by group companies	-	26,420
	<hr/>	<hr/>
	12,994	42,732
	<hr/>	<hr/>

### 9 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Other creditors	8	-
Accruals and deferred income	22,144	21,974
Amounts owed to group companies	62,232	-
	<hr/>	<hr/>
	84,384	21,974
	<hr/>	<hr/>

## Notes (continued)

### 10 Creditors: amounts falling after more than one year

	2016 £000	2015 £000
A Notes	524,000	524,000
B Notes	460,950	460,950
C Notes	109,790	109,790
	<hr/>	<hr/>
Total Notes	1,094,740	1,094,740
Inflation swap held at fair value (through profit and loss)	183,568	147,230
Deferred tax liabilities (see note 12)	100,106	98,010
	<hr/>	<hr/>
	1,378,414	1,339,980
	<hr/>	<hr/>

### 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

	£000	£000
A Notes	524,000	524,000
B Notes	460,950	460,950
C Notes	109,790	109,790
	<hr/>	<hr/>
Total interest bearing debt	1,094,700	1,094,740
	<hr/>	<hr/>

The Notes were issued in September 2013 and listed on the Cayman Islands Stock Exchange in November 2013. The A, B and C Notes are all due for redemption in December 2020 and bear interest at rates of 5.44% p.a., 7.94% p.a. and 12.94% p.a. respectively. The Notes are held by the Company's parent.

## Notes (continued)

### 12 Deferred taxation

	Deferred taxation 2016 £000	Deferred taxation 2015 £000
<i>Net deferred tax liabilities</i>		
At beginning of year	98,010	99,151
Credit to profit and loss for the year	(3,607)	(6,844)
Deferred tax impact of recycling of hedge reserve	5,703	5,703
<b>At end of year</b>	<b>100,106</b>	<b>98,010</b>
<i>The components of the net deferred tax balance were as follows:</i>		
	£000	£000
Temporary differences on financial instruments	(47,748)	(46,869)
On property gains	147,854	144,879
<b>Net deferred tax liability</b>	<b>100,106</b>	<b>98,010</b>

### 13 Called up share capital

	2016 £000	2015 £000
<i>Allotted, issued and fully paid</i>		
17,047,398 (2015: 117,047,398) ordinary shares of £1 each	17,047	117,047

During the year the Company performed a capital reduction with the result that it cancelled 100,000,000 ordinary shares of £1 each and returned the nominal value to the shareholders.

### 14 Cash and Cash Equivalents

	2016 £000	2015 £000
Cash at bank and in hand per cash flow statement	6,472	293

## Notes (continued)

### 15 Fair value of assets and liabilities

The Company has derivative financial instruments that have been recognised at fair value through the profit and loss. The financial instruments are as follows:

Derivative	Maturity Date	Notional value £000	Fair value	
			2016 £000	2015 £000
Limited price inflation swap	30 June 2031	38,920	(108,247)	(86,820)
Limited price inflation swap	30 June 2031	27,080	(75,319)	(60,410)

### 16 Financial Instruments

#### *Carrying Amount of Financial Instruments*

The carrying amount of the financial assets and liabilities include	2016 £000	2015 £000
Assets measured at amortised cost	12,994	42,732
Liabilities measured at fair value through profit and loss	(183,566)	(147,230)
Liabilities measured at amortised cost	(1,179,124)	(1,116,714)

### 17 Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

The key area of estimation uncertainty relates to the valuation of the investment properties and as a result the related deferred tax liabilities. As described in note 7 the Directors use external valuers to inform their estimates and reduce the uncertainty inherent in this type of asset.

## **Notes** *(continued)*

### **18 Ultimate parent company and related party transactions.**

The Company is a wholly owned subsidiary undertaking of Limecay International Ltd, a Company incorporated and registered in the British Virgin Islands.

The Company defines related parties as the Board of Directors, senior management, their close family members, parent and fellow subsidiaries and associated companies through direct shareholdings or common ownership.

The Company leases properties to the Grove Limited group which is owned by common controlling shareholders. Rental income from the Grove Limited group was £96,954,000 (2015: £95,834,000). At the year-end there was an outstanding creditor (2015: debtor) with Limecay International for £62,232,000 (2015: £26,420,229).

The Company is funded by a series of loan notes (see note 11). These loan notes were issued by the Company and are held by Limecay International Ltd.

The Directors are of the opinion that there is no one ultimate controlling party.