

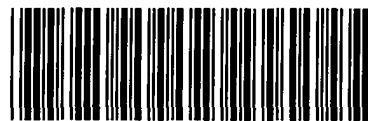


INTERNOS Global Investors Limited

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Company Registration No. 05948858 (England and Wales)

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INTERNOS GLOBAL INVESTORS LIMITED

CONTENTS

	Page
Summary Information	1
Strategic Report	2
Directors' Report	7
Statement of Directors' Responsibilities	8
Independent Auditor's Report to the Shareholder of INTERNOS Global Investors Limited	9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Financial Statements	14 - 33

INTERNOS GLOBAL INVESTORS LIMITED

SUMMARY INFORMATION

FOR THE YEAR ENDED 31 December 2013

Name

INTERNOS Global Investors Limited

Directors

J.O. Short
A.D. Thornton
Halverson Limited

Company Number

05948858

Registered Office

65 Grosvenor Street
Mayfair
London
W1K 3JH
United Kingdom

Business Address

65 Grosvenor Street
Mayfair
London
W1K 3JH
United Kingdom

Solicitors

Macfarlanes
20 Cursitor Street
London
EC4A 1LT
United Kingdom

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

INTERNOS GLOBAL INVESTORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2013

Principal Activity

INTERNOS is an owner managed pan European Investment Manager, operating out of offices in London, Frankfurt, Paris, Amsterdam, Madrid, Luxembourg, Lisbon and Milan. As at 31 December 2013, the INTERNOS Group had over 110 professionals who maintain responsibility for the €4.1 billion of assets under management. We offer a wide spectrum of real estate strategies from core to opportunistic and private equity investment, to around 80 institutional investors from four different continents.

Fair review of the company's business

The audited financial statements for the year ended 31 December 2013 are set out on pages 10 to 33. The profit for the year after taxation was €162,415 (2012: loss of €2,003,813). The upturn in the result is largely due to prior year results including a substantial bad debt write off and legal fees of an aborted acquisition, 2013 has also seen €556,257 of non-recurring fee income.

The Fiscal Year 2013, has been a pivotal year for the INTERNOS Group with a number of key successes:

We were appointed by British Land to provide fund advisory and asset management services to the Pillar Retail Europark Fund ('PREF'). PREF is a Luxembourg-based, closed-ended FCP established in 2004, currently backed by British Land and a selection of institutional investors. As at the 31 December, PREF owned 10 retail parks in Spain, France, Portugal and Italy. As part of the integration of the management of the Fund, most of British Land's personnel in Spain and France have transferred to INTERNOS.

The Company also announced a new separate account mandate from a German Pension Fund, to invest up to €200m in European hotel real estate in value added opportunities. The strategy is to acquire hotels, add value to the properties at various levels using INTERNOS' active hotel investment and asset management skills and sell them in the medium term. The acquisitions will be funded with €100m of equity and up to 50% debt allowing hotel investments of up to €200m. INTERNOS plans to deploy this capital within the next 18-24 months.

INTERNOS was also chosen as Investment Manager to oversee the realisation of the Local Shopping REIT ('LSR') portfolio. LSR is a listed fund comprising a portfolio of properties and letting units in the convenience shopping market within the UK. The appointment of INTERNOS as asset manager involved a number of LSR's personnel transferring to INTERNOS.

By far the biggest success of the year for the INTERNOS Group was the expansion of the business through the acquisition of Commerz Real's Institutional Spezialfonds business. The acquisition was carried out by INTERNOS Global Investors' parent company INTERNOS Holdings Ltd. Cash reserves of the company were loaned to INTERNOS Holdings Limited to partly fund this acquisition hence the fall in the cash balance during the year.

On acquisition at the start of November 2013, CRS comprised nine funds holding 68 assets located across nine European countries. These funds administered €1.6 billion of AUM, with the majority of assets being logistics, shopping centres and office buildings situated in France and Germany. As part of the integration of the CRS business, INTERNOS has opened an office in Lisbon and Milan.

With growth comes new challenges and a greater need to maintain focus on the key parts of our operation.

We have taken considerable time working through the existing structure and re-assessed the requirements to achieve our strategic goals and manage the new challenges that come with increased size and complexity.

Our current structure allows us to focus on efficient management disciplines, adopt a more consistent and rigorous approach in critical areas across the company, utilise the strengths of our people allowing them to apply themselves where they add most value, and manage costs more effectively.

INTERNOS GLOBAL INVESTORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2013

Strategy and objectives

Vision

From inception, INTERNOS has aimed to be Europe's most highly regarded real estate investment manager.

Over the last 5 years we have made significant progress in achieving our vision, creating a true pan-European business, as German as it is French, British, Spanish or Dutch. This is our true differentiator.

Our investment approach combines a rigorous Anglo-Saxon approach to investment management with a continental European partnership approach to relationship management.

Above all, INTERNOS means and stands for partnership; partnership with our clients, banks, staff and service providers.

Objectives

Our primary purpose is to be a smart investor that delivers performance for our clients from investment in real assets.

We have a strong, vertically integrated investment platform. Our target is to further develop a robust and stable platform with INTERNOS people on the ground, who know where to invest and why and are respected in their markets.

In order to do this we will:-

- Invest wisely across the risk spectrum for a diverse range of institutional clients.
- Be effective hands-on asset managers.
- Focus on the major liquid property markets.
- Offer scalable, well managed fund products across the core asset classes.
- Grow specialist funds with compelling strategies.
- Manage separate accounts and JVs for larger investors.
- Continue to build upon our considerable experience in manager replacement.
- Act as a consolidator in the sector, using our excellent, proven M&A skills.
- Recycle assets where beneficial to both current and future investors.
- Migrate to fewer larger assets and scale up in the core space.

Strengths

The INTERNOS ethos is centred on delivering performance for existing clients and thinking creatively and professionally on their behalf. Our offices work together and constantly drive performance through collective IQ, effective communication and clarity of roles and responsibilities.

We believe that investors will choose to work with INTERNOS where we have demonstrably greater depth of knowledge, strategy, specialised focus, physical presence and asset management expertise in the marketplace than they can provide for themselves or find among our competitors.

Depth of knowledge and strategic insight

INTERNOS' success in awards of separate accounts is above all because we offered more persuasive solutions. Solutions to investor needs emerge from an organisation that keeps its knowledge base up to date. Our award-winning seasonal publication, *The Decisive Eye*, is provocative, insightful and often quoted, but it is just the visible expression of a constant strategy review process that INTERNOS has internalised.

Depth of Expertise

Our specialised divisions, Hotels, Healthcare and Exchange-listed clients, offer market-leading expertise. But today expertise is equally demanded in conventional real estate where core property is no longer attractive for the majority of investors and performance derives from depth of knowledge of localities and buildings which few organisations possess. INTERNOS's policy of "feet on the ground" active, intensive asset management provides that depth.

INTERNOS GLOBAL INVESTORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2013

Strategy and objectives (continued)

Strengths (Continued)

Depth over time in Asset Management

Investment performance starts with an informed and decisive approach to initial transactions. But it must not stop there: when, as now, much prime real estate is overpriced, disciplines such as *Manage to Core™* are part of a process of habitual and constant review of the assets we manage - only credible as part of our integrated European network driving towards asset and sale optimisation.

Key elements that differentiate INTERNOS include:

- Entrepreneurial management and aligned staff with a partnership focus and ethos.
- Institutional approach but with a nimble, creative mind set.
- Speed, flexibility and rigour in decision making.
- No dominance by a single geography, but substance on the ground across Europe and represented by a diverse mix of professional disciplines and cultures.
- Genuine ability to transact across borders and across the risk spectrum from core to private equity.
- Management of listed funds enhancing access to capital, validating that we have the platform, capability and processes required to take on listed fund management.
- Integrated, strong middle and back office teams that provide granular information and control, which those who outsource do not have.
- Current, proven ability to raise and effectively deploy capital.
- Integrity and professionalism.

Key performance indicators

The management board uses a number of key performance indicators to measure the Company's performance and deliverables. The table below sets out examples of such indicators and explains how they relate to our strategic priorities and how we performed in 2013.

Revenue

Fee Income analysis

To assess the financial sustainability of the group. The fee income analysis by recurring and non-recurring fees is an indicator of the stability of the revenue and enhances our ability to plan the future cash flows for the company.

	2013
	€
Recurring income	9,680,762
Non-recurring income	556,257
Total revenue for the year	10,237,019

In addition the monitoring of the debtor position on a regular basis enables efficient cashflow planning.

Mandate Profitability

To assess the profitability of each mandate to ensure appropriate management oversight. The profitability of the mandate is assessed by the analysis of the associated direct cost and the operational overhead cost allocation.

	2013
	€
Direct cost	2,958,521
Indirect cost	4,027,810
Total cost for the year	6,986,331

INTERNOS GLOBAL INVESTORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2013

Key performance indicators (continued)

Employee

We realise the single most important element to determine our success or failure is our team. We aim to attract, develop, retain and motivate high performance individuals and to drive the most efficient utilisation of our Human Resources function across the Group.

We monitor remuneration per employee by benchmarking against industry standards via participation in an annual performance/reward survey conducted by the leading consulting and benchmarking firm in the financial services industry. This ensures that the most talented staff are retained within INTERNOS and that they are rewarded in alignment with the long term aims of the business.

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including cash flow risk, exchange rate risk, credit risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow and exchange rate risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to mitigate these exposures.

The Company seeks, wherever possible, to provide funding in the same currency as the denomination of the entity being funded.

The Company completes a weekly review of its cash position and monitors closely the receipt of the management fees from funds under management. A forecast of EUR requirements for the Company is prepared through to the forecast receipt of the management fees. The forecast requirement will be retained in EUR and the remaining EUR balance sold against GBP.

Hedging requirements for subsidiaries of the Company are assessed as part of the annual budgeting process. The policy for subsidiaries is that no hedging is required. Exceptions to this are considered on a case by case basis.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables and investments.

It is the Company's policy that all customers are subject to credit verification procedures. In addition, the receivable balances are monitored on an ongoing basis, to minimise the exposure to bad debts.

Credit risks related to the placement of liquid funds and derivative financial instruments are minimised by making agreements only with the most reputable domestic and international banks and financial institutions.

As set out above, the Company's credit risk is primarily attributable to its trade receivables. The Company analyses the concentration of its credit risk within trade receivables on an individual counterparty basis. A significant concentration is deemed to exist where an individual counterparty represents more than 10% of trade debtors.

INTERNOS GLOBAL INVESTORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2013

Principal risks and uncertainties (continued)

Liquidity risk

The Company monitors its risk to a shortage of funds using cash flow forecasting techniques across all the group entities. A cash flow analysis is prepared on a weekly basis to facilitate cash management across the group.

As part of the reporting process the liquidity position of the Company and its subsidiaries is reviewed and any remedial action considered.

A cash flow budget for the upcoming 36 months, based on calendar years, is prepared on an annual basis. This process identifies long term liquidity issues which will need to be managed and remedied. As part of the budget process stress testing is carried out. The parameters, methodology and outcomes, including the impact on liquidity, of the stress testing is documented. A contingency plan is also included within the process.

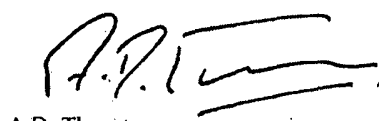
Further details regarding the liquidity risk can be found in the Statement of Accounting Policies in the financial statements.

The key potential risks and uncertainties that could have material impact on the Company's long term performance are as follows:

Key Risk	Description	Mitigation
Fund raising	Global uncertainty resulting in fund investors postponing investment decision beyond fund raising time horizon for new funds.	Ongoing revenues from fund management contracts. INTERNOS has sufficient revenues and profits to fund its business for the medium term
Liquidity/cash flow	Non-payment of asset management fees caused by clients who are unable to meet liabilities due to their existing debt obligations with lenders and resulting cash trap issues.	Ongoing monitoring of fund cash flow requirements.
Liquidity/cash flow	Significant amount of management fee income under existing mandates could expire within the next three to five years.	Business strategy defines targets for new business, for example the group acquisition of CRS and progress shown with fund raisings. Dedicated new business team holds regular meetings to drive initiatives.
Market decline	Risk to revenues from values declining and funds falling below LTVs and into cash traps.	Fund performance measured on quarterly basis. Stress testing of financial projections. Funds at risk and lenders involved are monitored on a monthly basis.

The outlook for the future of INTERNOS looks positive with five funds that are currently investing, seeking new opportunities or are open for new investments, a planned office opening in Italy and several new mandates under discussion.

Approved by the Board and signed on its behalf by:



A.D. Thornton
Director
7th May 2014

INTERNOS GLOBAL INVESTORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 December 2013

The directors present their report and financial statements for the year ended 31 December 2013. An indication of likely future developments of the business is included in the strategic report.

Directors

The directors who served throughout the year were as follows:

J.O. Short
A.D. Thornton
Halverton Limited

Going concern basis

The cash flow forecasting is supportive of the going concern position and described in Liquidity Risk above. The directors have considered the risks and uncertainties relating to the business in Principal Risks and Uncertainties also detailed above. Thus, 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.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note to the consolidated financial statements.

Capital Structure

The share capital of the company consists of 500,000 (2012: 500,000) Ordinary shares of €1 (2012: €1) each.

Dividends

The Company declared a dividend of €598,950 to INTERNOS Holdings Ltd (Dividend paid 2012: €647,540).

Auditor

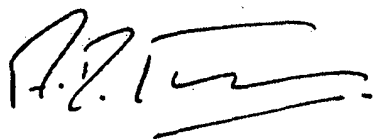
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



A.D. Thornton
Director
7th May 2014

INTERNOS GLOBAL INVESTORS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 December 2013

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INTERNOS GLOBAL INVESTORS LIMITED

We have audited the financial statements of INTERNOS Global Investors Limited for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes, 1 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 European Union.

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, 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

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. In addition, we read all the financial and non-financial information in the annual 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.

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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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.

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;
- we have not received all the information and explanations we require for our audit;



Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
7th May 2014

INTERNOS GLOBAL INVESTORS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 December 2013**

	Notes	2013 €	2012 €
Operating income			
Revenue	4	10,237,019	10,852,365
Cost of Sales		(3,092,446)	(4,843,571)
Gross profit		<u>7,144,573</u>	<u>6,008,794</u>
Operating costs			
Administrative expenses		(6,986,331)	(8,299,201)
Operating profit / (loss)		<u>158,242</u>	<u>(2,290,407)</u>
Impairment of investments		-	(34,898)
Other gains and losses		(158,321)	249,217
Finance income	10	74,412	77,820
Finance costs	10	(5,174)	(5,545)
Profit / (loss) before tax		<u>69,159</u>	<u>(2,003,813)</u>
Tax	11	93,256	-
Profit / (loss) for the year	5	<u>162,415</u>	<u>(2,003,813)</u>
Total comprehensive income / (expense)		<u>162,415</u>	<u>(2,003,813)</u>

Profit / (loss) above was derived from continuing operations throughout the above years.

The notes on pages 14 to 33 form part of these financial statements.

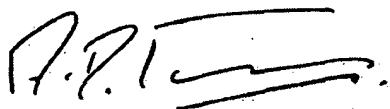
INTERNOS GLOBAL INVESTORS LIMITED

BALANCE SHEET AT 31 December 2013

	Notes	2013 €	2012 €
Non current assets			
Property, plant and equipment	13	248,906	237,847
Intangible assets	12	31,137	122,209
Investments	20	2,377,860	1,704,860
Total non current assets		<u>2,657,903</u>	<u>2,064,916</u>
Current assets			
Trade and other receivables	14	5,196,919	4,329,571
Cash and cash equivalents	18	318,475	1,564,505
Derivatives forward foreign currency contract		-	24,140
Total current assets		<u>5,515,394</u>	<u>5,918,216</u>
Total assets		<u>8,173,297</u>	<u>7,983,132</u>
Current liabilities			
Trade and other payables	15	(1,806,505)	(1,185,489)
Current tax liabilities	11	-	(12,585)
Total current liabilities		<u>(1,806,505)</u>	<u>(1,198,074)</u>
Net current assets		<u>3,708,889</u>	<u>4,720,142</u>
Non current liabilities			
Derivatives forward foreign currency contract		(38,620)	(20,351)
Total non current liabilities		<u>(38,620)</u>	<u>(20,351)</u>
Total liabilities		<u>(1,845,125)</u>	<u>(1,218,425)</u>
Net assets		<u>6,328,172</u>	<u>6,764,707</u>
Equity			
Ordinary share capital	16	500,000	500,000
Retained earnings	17	5,828,172	6,264,707
Equity attributable to owners of the Company		<u>6,328,172</u>	<u>6,764,707</u>

The notes on pages 14 to 33 form part of these financial statements.

The financial statements of INTERNOS Global Investors Limited (registered number 05948858) were approved by the Board of Directors and authorised for issue on 7th May 2014.



A.D. Thornton
Director

INTERNOS GLOBAL INVESTORS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 December 2013**

	Share Capital	Retained Earnings/(loss)	Total Equity
	€	€	€
Balance at 1 January 2012	13,268,381	(3,852,321)	9,416,060
Share capital reduction	(12,768,381)	12,768,381	-
Loss for the year	-	(2,003,813)	(2,003,813)
Dividends	-	(647,540)	(647,540)
Balance at 31 December 2012	<u>500,000</u>	<u>6,264,707</u>	<u>6,764,707</u>
Profit for the year	-	162,415	162,415
Dividends	-	(598,950)	(598,950)
Balance at 31 December 2013	<u><u>500,000</u></u>	<u><u>5,828,172</u></u>	<u><u>6,328,172</u></u>

INTERNOS GLOBAL INVESTORS LIMITED**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 Décembre 2013

	Notes	2013 €	2012 €
Net cash used in operating activities	18	(344,301)	(2,077,227)
Investing activities			
Purchase of property, plant and equipment		(124,989)	(95,742)
Purchase of intangible assets		(19,831)	(13,956)
Interest received		74,412	15,120
Investment in subsidiaries		(673,000)	-
Dividends received		-	-
Net cash used in investing activities		<u>(743,408)</u>	<u>(94,578)</u>
Financing activities			
Dividend paid		-	(647,750)
Net cash used in financing activities		<u>-</u>	<u>(647,540)</u>
Net decrease in cash and cash equivalents		(1,087,709)	(2,819,345)
Effects of foreign exchange rate changes		(158,321)	264,972
Cash and cash equivalents at beginning of year		1,564,505	4,118,878
Cash and cash equivalents at end of year		<u>318,475</u>	<u>1,564,505</u>

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2013

1. General information

INTERNOS Global Investors Limited is a Private Limited Company as defined by the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's principal activity is set out in the strategic report on page 2.

2. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the current and preceding year.

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

These financial statements are presented in Euros because that is the currency of the primary economic environment in which the Company operates.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

b) Adoption of new and revised standards

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 7 (amended)	Disclosures – Offsetting Financial Assets and Financial Liabilities (2009-2011) Cycle
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosures of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27 (revised)	Separate Financial Statements
IAS 32 (amended)	Offsetting Financial Assets and Financial Liabilities

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, except as follows:

- IFRS 7 (amended) will increase the disclosure requirements where netting arrangements are in place for financial assets and financial liabilities;
- IFRS 9 will impact both the measurement and disclosures of Financial Instruments;
- IFRS 12 will impact the disclosure of interests the Company has in other entities; and
- IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures.

Beyond the information above, it is not practical to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

c) Exemption from presenting consolidated financial statements

The financial statements reflect the results and financial position of INTERNOS Global Investors Limited as an individual undertaking. The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. The Company is a wholly owned subsidiary of INTERNOS Global LLP which prepares consolidated financial statements which are publicly available.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 December 2013

2. Accounting Policies (continued)

d) Revenue Recognition

Revenue is recognised in relation to services when the services have been performed in line with the conditions set out in the relevant services contract.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for service provided in the normal course of business, exclusive of Value Added Tax, trade discounts and other sales related taxes.

Group Trading Arrangements

As set out in the Strategic Report during 2013 there has been a significant expansion of the overseas business of the INTERNOS Group. Income and costs are allocated between group entities by reference to their respective input into the investment management agreements and contracts entered into with third parties. In prior years income earned was predominantly attributable to contracts entered into by the Company with costs incurred by overseas group entities recharged on a cost plus basis.

e) Intangible assets – research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's Fund Accounting and Property Management system development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. The Yardi fund management and property system is amortised over three years and this will be recognised within administrative expenditure within the statement of comprehensive income.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

f) Property, plant and equipment

Fixtures and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	20% straight line
Computer equipment	33.33% straight line

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 December 2013**

2. Accounting Policies (continued)

g) Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h) Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

i) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment. The investment is considered impaired when the net asset value of the subsidiary is less than the carrying amount of the investment.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 December 2013

2. Accounting Policies (continued)

j) Tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and its is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease assets are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 December 2013

2. Accounting Policies (continued)

l) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

m) Financial instruments

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default of delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit and loss.

For the financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 December 2013

2. Accounting Policies (continued)

m) Financial instruments (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 December 2013

2. Accounting Policies (continued)

m) Financial instruments (continued)

Derecognition of financial liabilities

The Company derecognised financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 21.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or currently liabilities.

n) Dividend revenue

Dividend income from investments is recognised when shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

o) Going Concern

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

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have reviewed the budget and cash flow forecast for the business for the forthcoming year and have assessed that the Company has adequate financial resources to meet its operational needs. Therefore, the financial statements have been prepared on a going concern basis.

p) Cash and cash equivalents

Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value. The Company has classified short-term bank deposits as cash equivalents.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 December 2013

2. Accounting Policies (continued)

q) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The carrying value of receivables approximates their fair value due to their short term nature. The Company derecognises financial assets only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

r) Intercompany loans

Financial liabilities are classified as 'Intercompany loans'. Financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

s) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in economic conditions that correlate with default on receivables

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

4. Revenue

A geographical analysis of the source of revenue (i.e. location of clients) is as follows:

	2013	2012
	€	€
United Kingdom	808,212	384,397
Rest of European Union	9,242,973	10,099,568
Rest of the World	185,834	368,400
Total	<u>10,237,019</u>	<u>10,852,365</u>

Information about major customers

Revenue includes approximately €1.4m (2012: €1.4m) which was receivable from the Company's largest customer.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 December 2013

5. Profit / (loss) for the year

	2013	2012
	€	€
Profit / (loss) for the year has been arrived at after charging/(crediting):		
Net foreign exchange (gains) / losses	158,321	(249,217)
Depreciation and amortisation of intangibles, property, plant and equipment	224,833	212,529
Loss on disposal of property, plant and equipment	-	100,995
Acquisition and sale abortive costs	-	598,512
Operating lease payments	390,899	441,177
Staff costs	3,827,279	3,649,509
Impairment loss recognised on trade receivables	65,948	-
Impairment loss reversed on trade receivables	-	(102,331)

6. Auditor's remuneration

	2013	2012
	€	€
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts		
Audit	27,822	83,755
Non audit	8,139	6,302

7. Staff costs

	2013	2012
	€	€
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	3,370,585	3,062,639
Social security costs	319,269	416,609
Defined contribution pension scheme costs	137,425	170,261
Total	3,827,279	3,649,509

The average monthly number of employees, including the directors, during the year was as follows:

2013	2012
Number	Number
31	31

8. Defined contribution pension schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to income of €137,425 (2012: €170,261) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2013, contributions of €44,344 (2012: €65,491) due in respect of the current reporting period had not been paid over to the schemes.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 December 2013

9. Directors' remuneration

	2013	2012
	€	€
Emoluments	<u>70,709</u>	<u>73,799</u>

During the year retirement benefits did not accrue to any of the directors (2012: none) in respect of money purchase schemes.

The highest paid director received remuneration of €35,354 (2012: €34,508)

10. Finance income/(costs)

	2013	2012
	€	€
Finance income:		
Bank interest income	26,838	15,120
Unwinding of discount on trade receivables	<u>47,574</u>	<u>62,700</u>
	<u>74,412</u>	<u>77,820</u>
Finance costs:		
Bank charges	<u>(5,174)</u>	<u>(5,545)</u>
Bank charges	<u>69,238</u>	<u>72,275</u>

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 December 2013

11. Taxation

	2013 €	2012 €
Corporation tax:		
Current year	-	-
Prior year tax adjustment	(93,256)	-
Current tax credit for the year	<u>(93,256)</u>	<u>-</u>

Corporation tax is calculated at 23.25% (2012: 24.5%) of the estimated taxable profit for the year.

The credit for the year can be reconciled to the profit per the income statement as follows:

	2013 €	2012 €
Profit / (loss) on ordinary activities before tax	162,415	(2,003,813)
Profit / (loss) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 23.25% (2012: 24.5%)	37,761	(490,934)
Effects of:		
(Income) / expenses not deductible for tax purposes	(12,867)	194,506
Depreciation in (arrears) / excess of capital allowances	(26,070)	242,795
Adjustment to tax charge in respect of previous periods	(93,256)	-
Unutilised tax losses carried forward	1,176	53,633
Current tax charge for the year	<u>(93,256)</u>	<u>-</u>

A Deferred Tax Asset has not been recognised for unused tax losses carried forward as it is not sufficiently probable, based on current projections, that there will be sufficient taxable profits against which the loss can be utilised.

A reduction in the main rate of corporation tax to 23% effective from 1 April 2013 was substantively enacted on 20 March 2013. The UK Government also reduced the main rate of 23% down to 21% from 1 April 2014, and from 21% down to 20% from 1 April 2015, these having been substantively enacted on 2nd July 2013. The future rate change is not expected to have a material impact on the financial statements

INTERNOS GLOBAL INVESTORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 December 2013**12. Intangible assets**

	Development expenditure €	Total €
Cost		
At 1 January 2013	322,734	322,734
Additions	19,830	19,830
At 31 December 2013	342,564	342,564
Amortisation		
At 1 January 2013	200,525	200,525
Charge for year	110,902	110,902
At 31 December 2013	311,427	311,427
Net book value		
At 31 December 2013	31,137	31,137
At 31 December 2012	122,209	122,209

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 December 2013

13. Property, plant and equipment

	Furniture, fittings and equipment €	Total €
Cost or valuation		
At 1 January 2012	1,280,056	1,280,056
Additions	95,742	95,742
Amounts written off	(659,030)	(659,030)
At 1 January 2013	716,768	716,768
Additions	124,989	124,989
At 31 December 2013	841,757	841,757
Accumulated depreciation		
At 1 January 2012	936,057	936,057
Charge for the year	100,899	100,899
Amounts written off	(558,035)	(558,035)
At 1 January 2013	478,921	478,921
Charge for the year	113,930	113,930
At 31 December 2013	592,851	592,851
Carrying amount		
At 31 December 2013	248,906	248,906
At 31 December 2012	237,847	237,847

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 December 2013

14. Trade and Other Receivables	2013	2012
	€	€
Amounts falling due within one year		
Trade receivables	1,703,356	2,849,906
Amounts owed by group undertakings	1,505,822	29,610
Other receivables	992,883	935,034
Prepayments and accrued income	919,129	269,296
Other taxes and social security	75,729	245,725
	<u>5,196,919</u>	<u>4,329,571</u>

The average credit period taken on sales of services is 60 days. Trade receivables disclosed above include amounts (see below of aged analysis) which are past due at the reporting date but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Ageing of past due but not impaired trade receivables	2013	2012
	€	€
Less than 60 days	1,674,171	1,962,156
60 – 90 days	-	22,746
90 – 120 days	837	118,569
120 + days	-	746,435
Total	<u>1,675,008</u>	<u>2,849,906</u>

Movement in allowance for doubtful debts

Balance at the beginning of the period	-	102,331
Impairment losses recognised	65,948	-
Impairment losses reversed	-	(102,331)
Total	<u>65,948</u>	<u>-</u>

Ageing of impaired trade receivables

Less than 60 days	-	-
60 – 90 days	-	-
90 – 120 days	-	-
120 + days	94,296	204,659
Total	<u>94,296</u>	<u>204,659</u>

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 December 2013

15. Trade and Other Payables	2013	2012
	€	€
Amounts falling due within one year		
Trade payables	402,800	245,925
Social security and other taxes	90,757	155,980
Amounts due to related parties	-	-
Other payables	44,344	-
Accruals and deferred income	1,268,604	783,584
	<u>1,806,505</u>	<u>1,185,489</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 34 days (2012: 17 days).

16. Share capital	2013	2012
	€	€
Allotted Called Up and Fully Paid		
500,000 (2012: 500,000) Ordinary shares of €1 (2012: €1) each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
17. Retained Earnings		€
Balance at 1 January		6,264,707
Net profit for the year		162,415
Dividends		(598,950)
Balance as at 31 December 2013		<u>5,828,172</u>

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 December 2013

18. Notes to the Cash Flow Statement	2013 €	2012 €
Operating profit / (loss) for the year	158,242	(2,290,407)
Adjustment for:		
Impairment loss on trade receivables	65,948	543,966
Impairment loss reversed on trade receivables	-	(102,331)
Depreciation of property, plant and equipment	113,930	100,899
Amortisation	110,903	111,631
Loss on disposals	-	100,995
Operating cash flows before movements in working capital	449,023	(1,535,247)
Increase in receivables	(933,296)	(727,495)
Increase in payables	64,475	190,363
Cash flows used in operations	(419,798)	(2,072,379)
Interest paid	(5,174)	(5,545)
Tax received	80,671	697
Net cash used in operating activities	(344,301)	(2,077,227)
Cash and Cash Equivalents		
Cash at bank and in hand	318,475	1,564,505

19. Operating lease commitments

At 31 December 2013 the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2013 €	2012 €
Expiry date:		
Within 1 year	456,071	473,242
In the second to fifth years inclusive	1,685,589	1,892,967
After more than 5 years	-	329,324

Operating lease payments represent rentals payable by the Company for its office property.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 December 2013**

20. Investments

Details of the Company's subsidiaries at 31 December 2013 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest	Proportion of voting power held
INTERNOS 51B Limited	United Kingdom	100%	100%
INTERNOS Investments (GO) Limited	United Kingdom	100%	100%
Halverton Limited	United Kingdom	100%	100%
INTERNOS Management Limited	United Kingdom	100%	100%
INTERNOS Global Investments Limited	United Kingdom	100%	100%
INTERNOS Global Investors Kapitalanlagegesellschaft mbH	Germany	100%	100%
INTERNOS Global Investors B.V.	Netherlands	100%	100%
INTERNOS S.a.r.l	Luxembourg	100%	100%
INTERNOS Global Investors S.a.r.l	France	100%	100%
INTERNOS Vermoegensverwaltungs GmbH	Germany	100%	100%
German Retail Property Fund Manager S.a.r.l	Luxembourg	100%	100%
Eilean Donan & Co KG	Germany	94%	94%
Benelux Industrial Partnership General Partner B.V.	Netherlands	100%	100%
Benelux Industrial Partnership C.V.	Netherlands	0.02%	0.02%
INTERNOS Services GmbH	Germany	100%	100%
INTERNOS Global Investors S.L.	Spain	100%	100%

The investments in subsidiaries are all stated at cost, less any provisions for impairment.

Cost	€
At 1 January 2013	9,831,668
Additions	673,000
At 31 December 2013	<u>10,504,668</u>
Provisions for impairment	
At 1 January 2013	8,126,808
Charge for the year	-
At 31 December 2013	<u>8,126,808</u>
Net book value	
Net book value at 31 December 2013	<u>2,377,860</u>
Net book value at 31 December 2012	<u>1,704,860</u>

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 December 2013

21. Financial Instruments

Financial risk management objectives

The Company's activities expose it to a number of financial risks including market risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Key financial risks are considered as follows:

Market (foreign exchange) risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures. The following table details the forward foreign currency ('FC') contracts outstanding as at the year end:

	Average exchange rate		Foreign currency		Notional value		Fair value	
	2013	2012	2013	2012	2013	2012	2013	2012
			€	€	£	£	£	£
Cash flow hedges								
Buy £								
Less than 3 months	1.2044	1.2025	500,000	500,500	404,301	415,800	391,238	425,840
3 to 6 months	1.2035	1.2010	500,000	500,500	404,727	416,320	391,840	426,411
6 to 12 months	1.2024	1.2186	500,000	1,000,000	405,285	820,707	392,615	827,716
1 to 2 years		1.2353		1,500,000		1,214,314		1,193,963

Foreign currency sensitivity analysis

The Company's main currency exposure is the Euro, however the cost base of the Company is predominately Sterling. The sensitivity of the sterling denominated balances of the Company to a 5% change in value of Sterling is €13,551.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign exchange forward contracts to mitigate these exposures. The Company seeks wherever possible to provide funding in the same currency as the denomination of the entity being funded.

The Company completes a weekly review of its cash position and monitors closely the receipt of the quarterly management fees from funds under management. A forecast of Euro requirements for the Company is prepared through to the forecast receipt of the following quarter's management fees. The forecast requirement will be retained in Euro and the remaining Euro balance sold against GBP.

Hedging requirements for subsidiaries of the Company are assessed as part of the annual budgeting process. The policy for subsidiaries is that no hedging is required. Exceptions to this are considered on a case by case basis.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 December 2013

21. Financial Instruments (continued)

Credit risk (continued)

As set out above, the Company's credit risk is primarily attributable to its trade receivables. The Company analyses the concentration of its credit risk within this asset class on an individual counterparty basis. A significant concentration will be deemed to exist where an individual counterparty represents more than 10% of trade debtors.

Liquidity and interest risk

The Company's contractual maturity for its non-derivative financial assets and liabilities with agreed payment periods are all due within one month.

The Company deals with liquidity risk in the following way:

Short term: a cash flow analysis is prepared on a weekly basis, which provides a trend of actual performance. This also allows short term cash management across the Company and its subsidiaries by identifying companies that will have surplus cash and those that will have cash shortages which will require funding from elsewhere in the group. As part of the reporting process the liquidity position of the Company and its subsidiaries is reviewed and any remedial action considered.

Long term: a cash flow budget for the upcoming 36 months, based on calendar years, is prepared on an annual basis. This process identifies long term liquidity issues which will need to be managed and remedied. As part of the budget process stress testing is carried out. The parameters, methodology and outcomes, including the impact on liquidity, of the stress testing is documented. A contingency plan is also included within the process.

Categories of financial instruments

The fair values of financial assets and financial liabilities are determined with reference to quoted prices (unadjusted) in active markets for identical assets and liabilities and as such these are considered to be level 1.

	2013 €	2012 €
Financial assets		
Cash and bank balances	318,475	1,564,505
Loans and receivables	5,795,869	4,329,571
Derivative instruments designated as FVTPL	-	24,140
Financial liabilities		
Amortised cost	1,806,505	1,198,074
Derivative instruments designated as FVTPL	38,620	20,351

Capital management

The capital structure of the Company consists of cash and cash equivalents and equity attributable to the shareholders comprising issued capital and retained earnings. The Company manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged since the previous year.

INTERNOS GLOBAL INVESTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 December 2013**

22. Related Party Transactions

At the year end the Company owed intercompany companies: INTERNOS GmbH €198,103, INTERNOS Global Investors B.V €337,198, INTERNOS Global LLP €81,634, Internos Sarl €54,673, INTERNOS Global Investments Limited €123.

At the year end the Company was owed by intercompany companies: INTERNOS Management Limited €1,000, INTERNOS Real Estate Securities Limited Partner €30,885, INTERNOS Securities General Partner Limited €1,243, INTERNOS Holdings Limited €65,522, INTERNOS Global Investors Kapitalanlagegesellschaft mbH €847,991, Eilean Donan Co KG €7,620, INTERNOS Global Investors S.L €117,501, Internos Global Investors Sarl €518,862, German Retail Property Fund Manager Sarl €24,000, INTERNOS Spezialfondsgesellschaft mbH €550,346, Benelux Industrial Partnership General Partner B.V €12,583.

During the year INTERNOS Global Investors Limited issued asset management fee invoices to Azorallom S.L an entity that is ultimately owned in part by parties related to the INTERNOS Company, totalling €300,000 (2012: €347,419). The balance outstanding at year end is €25,000 (2012: €25,000).

23. Ultimate Parent Entity and Controlling Party

INTERNOS Global LLP, the ultimate parent entity and controlling party is the largest group that consolidates the results of INTERNOS Global Investors Limited. INTERNOS Holdings Limited is the smallest group that consolidates the results of INTERNOS Global Investors Limited. Accounts for these entities are available for inspection at Companies House, Crown Way, Cardiff, CF14 3UZ.