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Dynamic Estates Limited

Financial Statements

For the year ended 31st December 2017



Dynamic Estates Limited
Financial Statements
year ended 31st December 2017

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Dynamic Estates Limited
Officers and Professional Advisers

Director	M. Dall'osso
Registered office	219, Baker Street, London, NW1 6XE
Auditor	Benjamin, Taylor & Co., Chartered accountant & statutory auditors 201, Great Portland Street, London, W1W 5AB
Bankers	HSBC 186, Baker Street, London, NW1 5RU

Dynamic Estates Limited

Director's Report

year ended 31st December 2017

The director presents his report and the financial statements of the company for the year ended 31st December 2017.

Director

The director who served the company during the year was as follows:

M. Dall'osso

Director's responsibilities statement

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

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

The director is 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. He is 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.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

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

Dynamic Estates Limited

Director's Report *(continued)*

year ended 31st December 2017

This report was approved by the board of directors on 19th September 2018 and signed on behalf of the board by:

M. Dall'osso
Director

A handwritten signature in black ink, appearing to read 'M. Dall'osso', with a large, stylized loop at the end.

Dynamic Estates Limited

Independent Auditor's Report to the Members of Dynamic Estates Limited

year ended 31st December 2017

Opinion

We have audited the financial statements of Dynamic Estates Limited (the 'company') for the year ended 31st December 2017 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Dynamic Estates Limited

Independent Auditor's Report to the Members of Dynamic Estates Limited *(continued)*

year ended 31st December 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

We have nothing to report in respect of the following matters in relation to which 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the director's report and from the requirement to prepare a strategic report.

Dynamic Estates Limited

Independent Auditor's Report to the Members of Dynamic Estates Limited *(continued)*

year ended 31st December 2017

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Dynamic Estates Limited

Independent Auditor's Report to the Members of Dynamic Estates Limited *(continued)*

year ended 31st December 2017

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Malcolm Adamson FCCA (Senior Statutory Auditor)

For and on behalf of
Benjamin, Taylor & Co.,
Chartered accountant & statutory auditors
201, Great Portland Street,
London,
W1W 5AB

19th September 2018

Dynamic Estates Limited
Statement of Income and Retained Earnings
year ended 31st December 2017

	Note	2017 £	2016 £
Turnover		5,564,705	5,430,842
Cost of sales		1,561,955	1,295,078
Gross Profit		4,002,750	4,135,764
Administrative expenses		171,114	705,951
Other operating income		37,969	16,912
Operating Profit		3,869,605	3,446,725
Interest payable and similar expenses		915	772
Profit Before Taxation		3,868,690	3,445,953
Tax on profit	6	735,606	687,515
Profit for the Financial Year and Total Comprehensive Income		3,133,084	2,758,438
Retained Earnings at the Start of the Year		14,579,889	11,821,451
Retained Earnings at the End of the Year		17,712,973	14,579,889

All the activities of the company are from continuing operations.

The notes on pages 10 to 14 form part of these financial statements.

Dynamic Estates Limited
Statement of Financial Position

31st December 2017

	Note	2017 £	2016 £
Fixed Assets			
Tangible assets	7	164,630,000	164,630,000
Current Assets			
Debtors	8	7,412,844	6,052,695
Cash at bank and in hand		69	237
		<u>7,412,913</u>	<u>6,052,932</u>
Creditors: amounts falling due within one year	9	<u>3,359,416</u>	<u>2,882,328</u>
Net Current Assets		<u>4,053,497</u>	<u>3,170,604</u>
Total Assets Less Current Liabilities		<u>168,683,497</u>	<u>167,800,604</u>
Creditors: amounts falling due after more than one year	10	84,815,523	87,065,714
Provisions			
Taxation including deferred tax		<u>7,405,421</u>	<u>8,051,215</u>
Net Assets		<u><u>76,462,553</u></u>	<u><u>72,683,675</u></u>
Capital and Reserves			
Called up share capital		1	1
Other reserves	12	58,749,579	58,103,785
Profit and loss account	12	<u>17,712,973</u>	<u>14,579,889</u>
Shareholders Funds		<u><u>76,462,553</u></u>	<u><u>72,683,675</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 19th September 2018, and are signed on behalf of the board by:

M. Dall'osso
Director

Company registration number: 06739030

The notes on pages 10 to 14 form part of these financial statements.

Dynamic Estates Limited
Notes to the Financial Statements
year ended 31st December 2017

1. General Information

The Company is a private company limited by shares, incorporated in England and Wales. Its registered office is 219 Baker Street, London, NW1 6XE.

The company's principal business activity is that of the letting of property.

2. Statement of Compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going Concern

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Investment Properties

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

Revenue Recognition

Revenue represents rents receivable during the period, and is measured at the fair value of the consideration received or receivable, net of discounts and Value Added Tax.

Income Tax

Taxation represents the sum of tax currently payable and deferred tax. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised on all timing 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. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Dynamic Estates Limited
Notes to the Financial Statements (continued)
year ended 31st December 2017

3. Accounting Policies (continued)

Financial Instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction; where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Auditor's Remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>6,000</u>	<u>6,000</u>

5. Employee Numbers

The average number of persons employed by the company during the year amounted to 12 (2016: 11).

Dynamic Estates Limited
Notes to the Financial Statements (continued)
year ended 31st December 2017

6. Tax on Profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	735,606	687,515
Tax on profit	<u>735,606</u>	<u>687,515</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	3,868,690	3,445,953
Profit on ordinary activities by rate of tax	735,051	689,191
Effect of expenses not deductible for tax purposes	(8,869)	5,830
Effect of different UK tax rates on some earnings	9,424	–
Group relief	–	(7,506)
Tax on profit	<u>735,606</u>	<u>687,515</u>

7. Tangible Assets

	Leasehold Investment Property £
Cost	
At 1st January 2017 and 31st December 2017	<u>164,630,000</u>
Depreciation	
At 1st January 2017 and 31st December 2017	<u>–</u>
Carrying amount	
At 31st December 2017	<u>164,630,000</u>
At 31st December 2016	<u>164,630,000</u>

The leasehold investment property was valued at £164,630,000 on 31st December 2015, on an open market value basis, by Harrods Estates.

The director M. Dall'osso considers there to be no material change in the fair value of the leasehold investment property as at 31st December 2017.

The historical cost of the property is £98,475,000.

Dynamic Estates Limited
Notes to the Financial Statements (continued)
year ended 31st December 2017

8. Debtors

	2017	2016
	£	£
Trade debtors	472,692	300,130
Amounts owed by group undertakings and undertakings in which the company has a participating interest	6,928,121	5,741,248
Other debtors	12,031	11,317
	<u>7,412,844</u>	<u>6,052,695</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

9. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	976,989	805,584
Corporation tax	385,606	420,515
Social security and other taxes	27,099	29,387
Other creditors	1,969,722	1,626,842
	<u>3,359,416</u>	<u>2,882,328</u>

10. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Amounts owed to group undertakings and undertakings in which the company has a participating interest	84,815,523	87,065,714
	<u>84,815,523</u>	<u>87,065,714</u>

Amounts owed to group undertakings are unsecured and interest free.

11. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in provisions	7,405,421	8,051,215
	<u>7,405,421</u>	<u>8,051,215</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Fair value adjustment of investment property	7,405,421	8,051,215
	<u>7,405,421</u>	<u>8,051,215</u>

Dynamic Estates Limited
Notes to the Financial Statements (continued)
year ended 31st December 2017

12. Reserves

Profit and loss account

The profit and loss account reserve records retained earnings and accumulated losses.

	2017	2016
	£	£
Retained earnings brought forward	14,579,889	11,821,451
Profit for the financial year	3,133,084	2,758,438
Retained earnings carried forward	<u>17,712,973</u>	<u>14,579,889</u>

Other reserve (Non distributable) - Leasehold Investment Property revaluation

The other reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

	2017	2016
	£	£
Balance brought forward	58,103,785	57,493,240
Provision for deferred tax	645,794	610,545
Retained earnings carried forward	<u>58,749,579</u>	<u>58,103,785</u>

Share Capital

Called-up share capital represents the nominal value of shares that have been issued.

13. Related Party Transactions

As the company is a wholly owned subsidiary of Farmont Baker Street Limited and the group publishes consolidated accounts, it has taken advantage of the exemptions contained in FRS 102 Section 1a and has therefore not disclosed transactions with entities which form part of the group.

Copies of the Farmont Baker Street Limited group financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

14. Ultimate Parent Company

The company is wholly owned by Farmont Baker Street Limited, a company incorporated in England.

The director regards, Landmark Network Real Estate LLC a company incorporated in the United Arab Emirates as the ultimate holding company and controlling party.