

**Jolan Piccadilly Limited**

**Directors' report and financial  
statements**

**Registered number 06855403**

**Year ended 31 March 2016**

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## **Officers and professional advisors**

### **The board of directors**

JC Barnsley  
RW Jefferson  
RM Wright  
TMS Wooldridge

### **Company secretary**

HL Austin

### **Registered office**

First Floor Earl Grey House  
75-85 Grey Street  
Newcastle upon Tyne  
NE1 6EF

### **Auditor**

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

## Directors' report

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

### Principal activities

The principal activity of the company is to carry on a property investment business.

### Results and dividends

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

The directors do not recommend the payment of a dividend. Dividends paid during the prior year comprised an interim dividend in respect of the year ended 31 March 2015 of £5,000,000.

### Directors

The directors who held office during the year were as follows:

JC Barnsley	(appointed 24 March 2016)
RW Jefferson	(appointed 2 April 2015)
CJ Dalzell	(resigned 15 December 2015)
RM Wright	
TMS Wooldridge	

### Political contributions

The company made no political donations or incurred any political expenditure during the year (2015: £nil).

### Disclosure of information to auditor

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

### Auditor

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

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

By order of the board



**RW Jefferson**  
Director

First Floor Earl Grey House  
75-85 Grey Street  
Newcastle upon Tyne  
NE1 6EF

29 June 2016

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **KPMG LLP**

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

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

We have audited the financial statements of Jolan Piccadilly Limited for the year ended 31 March 2016 as set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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


In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Jolan Piccadilly Limited** *(continued)*

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

30 June 2016

**Income Statement**  
*for the year ended 31 March 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
Revenue	2	288	335,434
Administrative expenses		(11,510)	(773,074)
Profit on disposal of investment property	3	-	3,445,616
		<hr/>	<hr/>
Operating (loss)/profit before net valuation movements	2-5	(11,222)	3,007,976
Net valuation movement on investment property	9	-	-
		<hr/>	<hr/>
Operating (loss)/profit after net valuation movements		(11,222)	3,007,976
Finance income	6	-	705
Finance expenses	7	-	(233,829)
		<hr/>	<hr/>
(Loss)/profit before taxation		(11,222)	2,774,852
Taxation	8	-	-
		<hr/>	<hr/>
(Loss)/profit for the year	15	(11,222)	2,774,852
		<hr/>	<hr/>

**Statement of Other Comprehensive Income**  
*for the year ended 31 March 2016*

	<b>2016</b> £	<b>2015</b> £
(Loss)/profit for the year	(11,222)	2,774,852
	<hr/>	<hr/>
Other comprehensive income		
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Total comprehensive (expense)/income for the year	(11,222)	2,774,852
	<hr/>	<hr/>



**Balance Sheet**  
*as at 31 March 2016*

	Notes	2016 £	2015 £
<b>Non-current assets</b>			
Investment property	9	200,000	-
<b>Current assets</b>			
Trade and other receivables	11	4,946,282	4,855,322
Cash and cash equivalents	12	4,704	101,268
		4,950,986	4,956,590
<b>Total assets</b>		5,150,986	4,956,590
<b>Current liabilities</b>			
Trade and other payables	13	(361,618)	(156,000)
<b>Total liabilities</b>		(361,618)	(156,000)
<b>Net assets</b>		4,789,368	4,800,590
<b>Equity</b>			
Share capital	14	1	1
Capital reserve	15	-	-
Retained earnings	15	4,789,367	4,800,589
<b>Total equity</b>		4,789,368	4,800,590

These financial statements were approved by the board of directors on 29 June 2016 and were signed on its behalf by:



**TMS Wooldridge**  
Director

Company registration number: 06855403

**Statement of Changes in Equity**  
*for the year ended 31 March 2016*

	Share capital £	Capital reserve £	Retained earnings £	Total £
Balance at 1 April 2014	1	5,000,000	2,025,737	7,025,738
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	2,774,852	2,774,852
<b>Transactions with owners, recorded directly in equity</b>				
Transfer	-	(5,000,000)	5,000,000	-
Dividends	-	-	(5,000,000)	(5,000,000)
	-	(5,000,000)	-	(5,000,000)
Balance at 31 March 2015	1	-	4,800,589	4,800,590
Balance at 1 April 2015	1	-	4,800,589	4,800,590
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(11,222)	(11,222)
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	-	-	-
Balance at 31 March 2016	1	-	4,789,367	4,789,368

**Cash Flow Statement**  
*for the year ended 31 March 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		<b>(11,222)</b>	2,774,852
<i>Adjustments for:</i>			
Financial income	6	-	(705)
Financial expense	7	-	233,829
Profit on sale of investment	3	-	(3,445,616)
Taxation	8	-	-
		<hr/>	<hr/>
		<b>(11,222)</b>	(437,640)
Increase in trade and other receivables		<b>(90,960)</b>	(4,485,329)
Increase/(decrease) in trade and other payables		<b>5,618</b>	(1,784,861)
		<hr/>	<hr/>
		<b>(96,564)</b>	(6,707,830)
Interest paid		-	(233,829)
Tax paid		-	-
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>(96,564)</b>	(6,941,659)
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment property	3	-	22,645,616
Interest received		-	705
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		-	22,646,321
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	(10,783,001)
Dividends paid	14	-	(5,000,000)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		-	(15,783,001)
		<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>		<b>(96,564)</b>	(78,339)
Cash and cash equivalents at 1 April		<b>101,268</b>	179,607
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>	12	<b>4,704</b>	101,268
		<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Jolan Piccadilly Limited (the "Company") is a company incorporated and domiciled in the UK.

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 April 2014 for the purposes of the transition to Adopted IFRSs.

#### *Transition to Adopted IFRSs*

The company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. In preparing its opening IFRS balance sheet, no measurement and recognition adjustments were required to the amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). The transition from UK GAAP to Adopted IFRSs has not affected the company's previously reported financial position, financial performance and cash flows.

#### *Measurement convention*

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

#### *Going concern*

The company meets its day to day working capital requirements through its positive cash balances and cash generated from its operations. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to have a sufficient level of financial resources available through current facilities.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### *Foreign currency*

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

#### *Classification of financial instruments issued by the company*

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

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

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

##### *Trade and other receivables*

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

##### *Trade and other payables*

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

##### *Cash and cash equivalents*

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

#### *Intra-group financial instruments*

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

#### *Investment property*

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the year end. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the year in which they arise.

Gains or losses arising from the retirement or disposal of investment property, being the difference between the net disposal proceeds and carrying value, are included in profit or loss for the year of the retirement/disposal.

#### *Revenue*

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Rental income from investment property is recognised on a straight-line basis over the term of the relevant operating lease. The aggregate cost of lease incentives are recognised as a reduction of rental income on a straight-line basis over the term of the lease.

#### *Expenses*

##### *Operating lease payments*

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

##### *Financing income and expenses*

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

#### *Taxation*

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

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation (continued)*

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

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

#### *Standards and Interpretations applied for the first time*

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

#### *Adopted IFRS not yet applied*

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

#### *Critical accounting estimates and judgements*

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

The Company makes estimates concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of the company's investment property – see note 9.

### 2 Revenue

	2016 £	2015 £
Investment property rentals	288	305,942
Rendering of services	-	29,492
	<hr/>	<hr/>
	288	335,434
	<hr/>	<hr/>

All of the company's revenue is derived from investment property in the UK.

### 3 Profit on disposal of investment property

	2016 £	2015 £
Proceeds from sale of investment property (net of selling costs)	-	22,645,616
Carrying value of investment property sold (note 9)	-	(19,200,000)
	<hr/>	<hr/>
	-	3,445,616
	<hr/>	<hr/>

## Notes (continued)

### 4 Expenses and auditor's remuneration

Included in profit/loss is the following:

Auditor's remuneration:

	2016 £	2015 £
Audit of these financial statements	1,500	1,500

### 5 Remuneration of directors, staff numbers, and costs

No remuneration was paid to the directors in respect of their services to the company during the year (2015: £nil). The company had no other employees during the current year and preceding financial year.

### 6 Finance income

	2016 £	2015 £
Bank interest	-	705

### 7 Finance expenses

	2016 £	2015 £
Interest on bank loans	-	224,207
Amortisation of loan costs	-	9,622
	-	233,829

During 2015, the company fully repaid its loan facility following the sale of its investment property.

### 8 Taxation

#### Recognised in the income statement

	2016 £	2015 £
<i>Current tax expense</i>		
Current year	-	-
<i>Deferred taxation (see note 10)</i>		
Origination and reversal of timing differences	-	(34,440)
Effect of tax rate change on opening balance	-	40,336
Adjustment in respect of prior year	-	(5,896)
Total deferred tax expense	-	-
Total tax expense	-	-

## Notes (continued)

### 8 Taxation (continued)

#### Reconciliation of effective tax rate

	2016 £	2015 £
(Loss)/profit for the year	(11,222)	2,774,852
Total tax expense	-	-
(Loss)/profit excluding taxation	(11,222)	2,774,852
Tax using the UK corporation tax rate of 20% (2015: 21%)	(2,244)	582,719
Effect of changes in tax rates	-	40,336
Non-deductible expenses	172	-
Non-taxable gains	-	(1,782,001)
Utilisation of fixed asset timing differences for which no deferred tax was recognised	(19,443)	893,411
Effect of gains including rollover relief	-	552,327
Utilisation of tax losses for which no deferred tax asset was recognised	-	(280,896)
Group relief surrendered for no consideration	21,515	-
Adjustment in respect of prior years	-	(5,896)
Total tax expense	-	-

#### Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge.

### 9 Investment property

	2016 £	2015 £
Balance at 1 April	-	19,200,000
Acquisitions	200,000	-
Disposals	-	(19,200,000)
Balance at 31 March	200,000	-

The company has valued all of its investment property as at 31 March 2016 at fair value.

The fair value of the company's investment property has been arrived by certain directors of the company who are members of the Royal Institution of Chartered Surveyors.

All of the investment properties have been categorised within Level 3 of the fair value hierarchy outlined in note 16. Their valuation was arrived at by reference to market evidence of transaction prices for similar properties.



## Notes (continued)

### 10 Deferred tax assets and liabilities

Recognised and unrecognised deferred tax assets are attributable to the following:

	2016		2015	
	Recognised	Unrecognised	Recognised	Unrecognised
	£	£	£	£
Investment property	-	732,651	-	812,596

No deferred tax asset was recognised as at 31 March 2015 and 31 March 2016 as there is insufficient certainty as to when these amounts may be recoverable from future profits.

#### Movement in recognised deferred tax during the year

	1 April 2015 £	Recognised in income £	Recognised in equity £	31 March 2016 £
Investment property	-	-	-	-

#### Movement in recognised deferred tax during the prior year

	1 April 2014 £	Recognised in income £	Recognised in equity £	31 March 2015 £
Investment property	-	-	-	-

### 11 Trade and other receivables

	2016 £	2015 £
<b>Current</b>		
Amounts due from related undertakings (note 18)	4,755,103	4,664,084
Other tax and social security	1,179	1,238
Other receivables	190,000	190,000
	<u>4,946,282</u>	<u>4,855,322</u>
Provision for doubtful debts	-	-
	<u>4,946,282</u>	<u>4,855,322</u>

A provision against trade and other receivables is made when these are considered to be impaired after taking into account the specific nature of the receivable.

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

## Notes (continued)

### 12 Cash and cash equivalents/ bank overdrafts

	2016 £	2015 £
Cash and cash equivalents per balance sheet	4,704	101,268
Bank overdrafts	-	-
	<hr/>	<hr/>
Cash and cash equivalents per cash flow statements	4,704	101,268
	<hr/>	<hr/>

### 13 Trade and other payables

	2016 £	2015 £
<i>Current</i>		
Trade payables	356	-
Amounts owed to related undertaking (note 18)	207,800	6,000
Accruals and deferred income	153,462	150,000
	<hr/>	<hr/>
	361,618	156,000
	<hr/>	<hr/>

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

### 14 Called up share capital

	Ordinary shares	
	2016 Number	2015 Number
In issue at 1 April and 31 March - fully paid	1	1
	<hr/>	<hr/>
	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1
	<hr/>	<hr/>
Shares classified in shareholders' funds	1	1
	<hr/>	<hr/>

The holder of the ordinary share is entitled to receive dividends as declared from time to time and is entitled to one vote at meetings of the company.

#### Dividends

No dividend was recognised during the year. An interim dividend, in respect of the year ended 31 March 2015, of £5,000,000 was recognised in the prior the year.

## Notes (continued)

### 15 Reserves

	Capital reserve £	Retained earnings £
Balance at 1 April 2014	5,000,000	2,025,737
Profit for the year	-	2,774,852
Transfer	(5,000,000)	5,000,000
Dividends	-	(5,000,000)
	<hr/>	<hr/>
Balance at 31 March 2015	-	4,800,589
	<hr/>	<hr/>
Balance at 1 April 2015	-	4,800,589
Loss for the year	-	(11,222)
	<hr/>	<hr/>
<b>Balance at 31 March 2016</b>	<b>-</b>	<b>4,789,367</b>
	<hr/>	<hr/>

### 16 Financial instruments

The company's financial assets and liabilities consist primarily of cash and cash equivalents, trade and other receivables and trade and other payables. The company has no external borrowings. The company does not trade in financial instruments.

#### *Fair value of financial instruments*

##### *Cash and cash equivalents*

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

##### *Trade and other receivables*

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

##### *Trade and other payables*

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

#### *Fair value hierarchy*

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

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

## Notes (continued)

### 16 Financial instruments (continued)

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

	2016		2015	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
<b>Loans and receivables</b>				
Cash and cash equivalents	4,704	4,704	101,268	101,268
Amounts due from related undertakings	4,755,103	4,755,103	4,664,084	4,664,084
Other tax and social security	1,179	1,179	1,238	1,238
Other receivables	190,000	190,000	190,000	190,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	4,950,986	4,950,986	4,956,590	4,956,590
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Financial liabilities measured at amortised cost</b>				
Trade and other payables	361,618	361,618	156,000	156,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	361,618	361,618	156,000	156,000
	<hr/>	<hr/>	<hr/>	<hr/>

Cash and cash equivalents falls within Level 1. All other financial assets and financial liabilities noted above fall within Level 2.

### Management of financial risk

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

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

#### Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligations and arises from the company's amounts due from related parties and other receivables. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits. Credit assessments are performed on all tenants looking to enter into lease agreement with the company, with the majority of tenants paying rent in advance. Outstanding tenants' receivables are monitored on a regular basis. The carrying amount of balances due from related parties and other receivables in the balance sheet represents the maximum exposure to credit risk. There were no balances past their due date at the balance sheet date.

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

#### Liquidity risk

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

#### Capital management

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

## Notes (continued)

### 17 Commitments

#### Capital commitments

Capital commitments at the end of the period for which no provision has been made amounted to £nil (2015: £nil).

#### Leases as lessor

The investment properties are let under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

	2016 £	2015 £
Less than one year	15,000	-
Between one and five years	60,000	-
More than five years	126,164	-
	<u>201,164</u>	<u>-</u>

Where the operating leases on investment properties provide for contingent rental increases, these contingent rents have not been disclosed in the above note.

### 18 Related party transactions

During the year ended the company undertook the following transactions with its immediate parent undertaking:

	Transactions in		Amounts due from		Amounts due to	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
<b>Golftee LP4 Limited</b>						
Dividend paid	-	5,000,000	-	-	-	-

During the year ended the company undertook the following transactions with companies whose directors included CJ Dalzell, JC Barnsley, TMS Wooldridge and RW Jefferson:

	Transactions in		Amounts due from		Amounts due to	
	2016 £	2015 £	2016 £	2015 £	2016 £	2015 £
<b>API Limited</b>						
Management fees payable	3,000	129,852	-	-	7,800	6,000
<b>Wellbark Property Limited</b>						
Payments received on account	-	-	426,639	334,030	-	-
<b>Stampflat Limited</b>						
Payment received on account	-	-	-	-	200,000	-
<b>Crossco Limited</b>						
Payments made on account	-	-	4,328,464	4,330,054	-	-

## Notes (continued)

### 18 Related party transactions (continued)

During the year the company undertook the following transactions limited partnerships whose general partner's directors included JC Barnsley, RW Jefferson, CJ Dalzell, RM Wright and TMS Wooldridge.

	Transactions in		Amounts due from		Amounts due to	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
<b>Candama Investors LP</b>						
Purchase of investment property	200,000	-	-	-	-	-

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

#### *Transactions with key management personnel*

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

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

### 19 Ultimate parent company and parent company of larger group

The company's immediate parent undertaking is Golftee LP4 Limited, a company incorporated in the United Kingdom. The directors consider the ultimate controlling party to be the trustees of the Michael Noble Will Trusts.

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