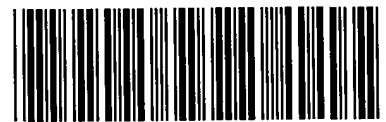


**AVIVA INVESTORS GR SPV 11 LIMITED**  
**Registered in England and Wales Number 06885998**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 2015**

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## **DIRECTORS, OFFICERS AND OTHER INFORMATION**

### **Directors**

M Monkhouse  
BS Hill  
C J Urwin

### **Officer – Company Secretary**

Mainstay (Secretaries) Limited  
Whittington Hall  
Whittington Road  
Worcester  
WR5 2ZX

### **Independent Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### **Registered Office**

Whittington Hall  
Whittington Road  
Worcester  
WR5 2ZX

### **Company Number**

Registered in England and Wales: No. 06885998

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their report and audited financial statements for the Company for the year ended 31 December 2015.

### **Directors**

The current directors and those in office during the year are as follows:

J Gottlieb	ceased on 4 August 2015	
BS Hill		
D K Perry	appointed on 4 August 2015	ceased on 28 April 2016
C J Urwin		
M Monkhouse	appointed on 28 April 2016	

### **Principal Activity and Business Review**

The principal activity of the Company is that of investment in ground rent properties. The portfolio has been performing in line with expectation. There have been no significant additions or disposals in the year.

### **Future Developments**

The directors have reviewed the activities of the business for the year and the position as at 31 December 2015 and consider them to be satisfactory. The directors expect the level of activity to be maintained in the foreseeable future.

### **Dividend**

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2015 (period ended 31 December 2014: £nil).

### **Going Concern**

At the balance sheet date the Company had net current liabilities. The Company is supported by Aviva Investors Ground Rent Holdco Limited and the directors are confident that funding will be made available to enable the Company to meet its obligations as they fall due. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### **Employees**

The Company has no employees (year ended 31 December 2014: none).

### **Disclosure of Information to the Auditors**

Each person who was a director of the Company on the date that this report was approved, confirms that:

- (a) so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### **Independent Auditors**

It is the intention of the directors to reappoint the auditors under the deemed appointment rules of Section 487 of the Companies Act 2006.

## **DIRECTORS' REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2015**

### **Principal Risks and Uncertainties**

The key risks arising in the Company are market, credit, operational, interest rate and liquidity risks which are discussed in more detail below.

### **Risk Management Policies**

#### *Approach to risk and capital management*

The Company operates within the governance structure and priority framework of the Aviva Group ('Aviva').

#### *Management of financial and non-financial risks*

The Company's exposure to different types of risk is limited by the nature of its business as follows:

(i) *Market risk*

The Company's exposure to market risk takes the form of property valuations, which have a direct impact on the value of investments. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which makes and manages investments on behalf of the Company.

(ii) *Credit risk*

The Company does not have a significant exposure to credit risk as receivables are mainly short-term trading items and related party receivables. The Company's investments are managed by agents who have responsibility for the prompt collection of amounts due.

(iii) *Operational risk*

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Company's investments.

(iv) *Interest rate risk*

Interest rate risk arises as a result of the Company borrowing from its parent undertaking. Interest rate risk is managed by the Company borrowing at a fixed rate of interest.

(v) *Liquidity risk*

Liquidity risk arises as a result of property assets being inherently illiquid. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business.

### **Qualifying Indemnity Provisions**

The directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined in section 234 of the Companies Act 2006.

Aviva plc granted in 2004 an indemnity to the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a 'qualifying third party indemnity' for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**Post balance sheet events**

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy and real estate markets, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities, including investment property, reported at the balance sheet date of 31 December 2015.

**Statement of Directors' Responsibilities**

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 the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify shareholders in writing about the use of disclosure exemptions, if any, on FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

In preparing their report, the directors' have taken advantage of the exemption for small companies in accordance with section 415(A) of the Companies Act 2006.

On behalf of the Board on 13 July 2016



**B S Hill**  
Director

# Independent auditors' report to the members of Aviva Investors GR SPV11 Limited

## Report on the financial statements

### Our opinion

In our opinion, Aviva Investors GR SPV11 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements, included within the Annual Report and Financial Statements 2015 (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

## 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.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body

## Independent auditors' report to the members of Aviva Investors GR SPV11 Limited (continued)

in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

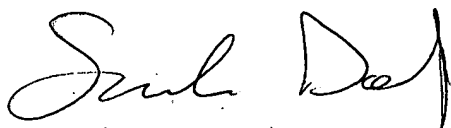
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Sandra Dowling (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
13 July 2016



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover	3	126,874	120,632
Administrative expenses		(31,343)	(33,782)
Change in fair value of investment properties		438,562	392,991
Operating profit	5	<u>534,093</u>	<u>479,841</u>
Finance cost	6	(107,862)	(107,862)
Profit on ordinary activities before taxation		<u>426,231</u>	<u>371,979</u>
Tax on profit on ordinary activities	7	(65,195)	(78,598)
Profit on ordinary activities after taxation		<u>361,036</u>	<u>293,381</u>
<b>Total comprehensive income for the year</b>		<u><u>361,036</u></u>	<u><u>293,381</u></u>

**Continuing Operations**

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2015 and 31 December 2014 relate to continuing operations.

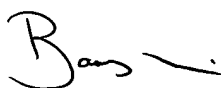
The notes on pages 11 to 19 form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>FIXED ASSETS</b>			
Investment Properties	8	<u>3,664,003</u>	<u>3,225,441</u>
<b>CURRENT ASSETS</b>			
Debtors	9	<u>15,350</u>	<u>20,405</u>
		15,350	20,405
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>(97,059)</u>	<u>(89,783)</u>
Net current liabilities		(81,709)	(69,378)
Total assets less current liabilities		<u>3,582,294</u>	<u>3,156,063</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	(1,797,702)	(1,797,702)
<b>PROVISION FOR OTHER LIABILITIES</b>			
Taxation including deferred taxation	7	(202,656)	(137,461)
<b>Net assets</b>		<u>1,581,936</u>	<u>1,220,900</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	728,972	728,972
Revaluation reserve		923,210	549,843
Retained earnings		<u>(70,246)</u>	<u>(57,915)</u>
<b>Total equity</b>		<u>1,581,936</u>	<u>1,220,900</u>

The notes on pages 11 to 19 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 13 July 2016 and signed on its behalf by:



**B S Hill**  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up Share Capital	Revaluation reserves	Retained earnings	Total Equity
	£	£	£	£
Balance at 1 January 2014	728,972	235,450	(36,903)	927,519
Total comprehensive income for the year	-	-	293,381	293,381
Transfer for the year	-	314,393	(314,393)	-
Balance at 31 December 2014	<u>728,972</u>	<u>549,843</u>	<u>(57,915)</u>	<u>1,220,900</u>
Total comprehensive income for the year	-	-	361,036	361,036
Transfer for the year	-	373,367	(373,367)	-
Balance at 31 December 2015	<u>728,972</u>	<u>923,210</u>	<u>(70,246)</u>	<u>1,581,936</u>

The notes on pages 11 to 19 form an integral part of these financial statements.

The revaluation reserve arose on the revaluation of the investment properties. Amounts representing the revaluation and deferred tax are transferred from retained earnings each year.

Retained earnings represents accumulated comprehensive income for the year and prior periods less transfers to the revaluation reserve.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1 GENERAL INFORMATION**

Aviva Investors GR SPV11 Limited ("the Company") maintains a portfolio of investment in ground rent properties in the UK.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Whittington Hall, Whittington Road, Worcester WR5 2ZX.

**2 STATEMENT OF COMPLIANCE**

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

*Basis of accounting*

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, in compliance with UK accounting standards including Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, and the Companies Act 2006. The Company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 14.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operate.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

*Cash Flow Statement*

The Company has taken advantage of the exemption, under FRS 102, from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Company's cash flows are included within the consolidated statement of cash flows of its parent entity, Aviva Investors REaLM Ground Rent Limited Partnership.

*Strategic Report*

A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 382 of the Companies Act 2006 relating to small entities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Going concern basis*

At the balance sheet date the Company had net current liabilities. The Company is supported by Aviva Investors Ground Rent Holdco Limited and the directors are confident that funding will be made available to enable the Company to meet its obligations as they fall due. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

*Turnover*

Turnover represents amounts receivable from ground rents and other services, in all cases excluding value added tax, and all in the UK.

*Administrative expenses*

Administrative expenses include all costs not directly incurred in the operation of the Company's portfolio. This includes administration, finance and management expenses.

*Interest payable*

Interest payable is recognised on an accruals basis.

*Investment properties*

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually by reference to a third party valuation report produced by independent appraisers, with any change recognised in the statement of comprehensive income.

*Debtors and other current assets*

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full.

*Current liabilities*

Other payables are recognised on an accruals basis

*Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided in full, using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised only to the extent that it is probably that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Deferred tax (continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised directly in changes in equity is recognised in the Statement of Changes in Equity and not in the Statement of Comprehensive Income.

*Financial instruments*

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the statement of comprehensive income.

Financial assets that are classified as receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be received, net of impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Financial instruments (continued)*

ii. Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Commitments to make which meet the conditions above are measured at cost (which may be nil) less impairment.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

*Financial instruments disclosure exemption*

The Company has taken advantage of the exemption, under FRS 102, from disclosure of its financial instruments, on the basis that it is a qualifying entity and the Company's financial instruments are disclosed within the consolidated financial statements of its parent entity, Aviva Investors REaLM Ground Rent Limited Partnership.

*Loans and borrowings*

Loans and borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost with interest being accrued cyclically as defined in the facility agreements. Borrowing costs have been capitalised and are being amortised using the effective interest rate method over the life of the loan. Interest expense associated with loans and borrowings is accounted for on an accruals basis.

*Related party transactions*

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements.

The Company has taken advantage of the exemption, under FRS 102, from disclosure of transactions with related parties who are wholly owned within the same Group. The Group includes the Company, its parent undertakings and its fellow subsidiary undertakings.

*Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Company's Financial Statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

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.

In the process of applying the Company's accounting policies, the directors has made the following judgements which have the most significant effect on the amounts recognised in the Financial Statements:

*i. Valuation of investment properties*

The fair value of the Company's investment properties represents an estimate by independent professional valuers of the open market value of that property as at the balance sheet date. The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. The valuers also make reference to market evidence of transaction prices for similar properties. Fair value disclosures in relation to investment property are given in Note 8.

**5 OPERATING PROFIT**

	2015	2014
<i>This is stated after charging:</i>	£	£
Auditors remuneration – audit	<u>10,800</u>	<u>9,960</u>

The Company did not have any employees during the current year or previous period.

The directors received no emoluments for services to the Company for the year (period to 31 December 2014: nil).

**6 FINANCE COST**

	2015	2014
	£	£
Loan interest payable to parent undertaking	<u>107,862</u>	<u>107,862</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2015 £	2014 £
<i>Current tax:</i>		
UK corporation tax at 20.25% (2014 – 21.5%)	-	-
Total current tax	-	-
<i>Deferred tax:</i>		
Deferred tax charge for the year	78,941	78,598
Effect of tax rate change on opening balance	(13,746)	-
Total deferred tax	65,195	78,598
Tax on profit on ordinary activities	65,195	78,598

Factors affecting the tax charge for the year:

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.25%. The differences are explained below.

Profit on ordinary activities before taxation	426,231	371,979
Tax at 20.25% (2014 – 21.5%)	86,312	79,975
Effects of:		
Losses utilised in year and/or carried forward	2,497	4,518
Effect of tax rate change on opening balance	(13,746)	-
Re-measurement of deferred tax – change in UK tax rate	(9,868)	(5,895)
Current tax charge for the year	65,195	78,598
<b>Deferred tax liability</b>		
At beginning of year	137,461	58,863
Charge for the year	65,195	78,598
At end of year	202,656	137,461
The provision for deferred tax is made up as follows:		
Revaluation of investment properties	202,656	137,461

Deferred tax assets of £12,644 (2014: £11,583) relating to losses carried forward have not been recognised on the basis that there is not expected to be taxable profits against which to utilise them in the foreseeable future.

**Factors that may affect future tax charges**

As legislated in Finance (No 2) Act 2015, which was substantively enacted on 26 October 2015, the UK corporate rate will reduce further to 19% from 1 April 2017 and to 18% from 1 April 2020. The reductions in rate from 20% to 19% and then to 18%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

A further change to the UK corporation tax rate was announced in the Budget on 16 March 2016. This proposed a reduction in the main corporation tax rate to 17% from 1 April 2020. As the change had not been substantively enacted at the balance sheet date, its effect is not included in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**8 INVESTMENT PROPERTIES**

Investment properties	2015	2014
Cost/Valuation	£	£
At start of year	3,225,441	2,836,950
Additions in year	-	(4,500)
Change in fair value	438,562	392,991
At end of year	<u>3,664,003</u>	<u>3,225,441</u>

The historical cost of the investment properties as at 31 December 2015 was £2,538,137 (2014 - £2,538,137). The investment properties were valued to fair value, in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors, as at 31 December 2015 by CB Richard Ellis Limited, professionally qualified chartered surveyors. The valuer has significant experience in the location and class of the investment property being valued.

**9 DEBTORS**

<i>Amounts falling due within one year:</i>	2015	2014
	£	£
Trade debtors	8,158	12,151
Other debtors	7,192	8,254
	<u>15,350</u>	<u>20,405</u>

**10 CREDITORS – Amounts falling due within one year**

	2015	2014
	£	£
Amounts owed to parent undertaking	39,062	40,370
Accruals and deferred income	57,997	49,413
	<u>97,059</u>	<u>89,783</u>

**11 CREDITORS – Amounts falling due after more than one year**

	2015	2014
	£	£
Loan from parent undertaking	<u>1,797,702</u>	<u>1,797,702</u>

The loan from parent undertaking is unsecured, bears interest at 6% per annum and is repayable on the fifteenth anniversary of the loan from August 2013.

**12 CALLED UP SHARE CAPITAL**

	2015	2014
	£	£
<i>Issued and fully paid</i>		
7,289,717 (2014 - 7,289,717) Ordinary Shares of £0.10 each	<u>728,972</u>	<u>728,972</u>

**13 ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Aviva Investors Ground Rent Holdco Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is Aviva plc, a company incorporated in the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**13 ULTIMATE PARENT UNDERTAKING (continued)**

Aviva Investors REaLM Ground Rent Limited Partnership is the undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2015. The consolidated financial statements of Aviva Investors REaLM Ground Rent Limited Partnership is available from No1 Poultry, London EC2R 8EJ.

Aviva plc is the parent undertaking of the largest group of undertakings to consolidate the financial statements at 31 December 2015. The consolidated financial statements of Aviva plc are available on application to the: Group Company Secretary, Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ.

**14 EXPLANATION OF TRANSITION TO FRS 102**

This is the first year that the Company has presented its financial statements under (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2015.

Set out below are the changes in accounting policies which reconcile profit/(loss) for the year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP previously reported and FRS 102.

**Reconciliation of equity**

	At 1 January 2014 £	At 31 December 2014 £
Equity reported under previous UK GAAP	986,382	1,358,361
<i>Adjustments to equity on transition to FRS 102</i>		
Deferred tax on revaluation of investment properties	(58,863)	(137,461)
Equity reported under FRS 102	<u>927,519</u>	<u>1,220,900</u>

**Reconciliation of profit or loss**

	Year to 31 December 2014 £
Loss for the financial year under previous UK GAAP	(21,012)
Change in fair value of investment properties	392,991
Deferred tax on revaluation of investment properties	(78,598)
Profit for the financial year under FRS 102	<u>293,381</u>

Under the previous accounting policy, the change in fair value of investment properties were recognised in the separate statement of total recognised gains and losses. Under FRS 102, these have now been presented in the statement of comprehensive income.

Under the previous accounting policy, deferred tax on the change in fair value of investment properties were not recognised as there were no binding agreements in place to dispose of these assets at the balance sheet date. Under FRS 102, deferred tax is provided in full on revaluation gains on investment properties.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**15 POST BALANCE SHEET EVENTS**

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy and real estate markets, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities, including investment property, reported at the balance sheet date of 31 December 2015.

**DETAILED PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
Gross rental and ancillary income	<u>126,874</u>	<u>120,632</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Managing agents fees	(5,569)	(5,067)
Professional fees	(6,023)	(9,693)
Accountancy fees	(3,600)	(3,560)
Audit fees	(10,800)	(9,960)
Irrecoverable VAT	<u>(5,351)</u>	<u>(5,502)</u>
	<u>(31,343)</u>	<u>(33,782)</u>
Net operating profit before interest	95,531	86,850
Loan interest payable and similar charges	(107,862)	(107,862)
Loss for the year/period before taxation	<u>(12,331)</u>	<u>(21,012)</u>

This page is for information purposes only and does not form part of the financial statements.