

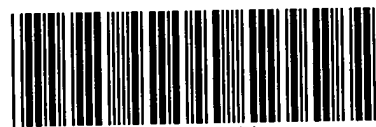


Grant Thornton

Financial statements Brookgate Limited

For the Year Ended 31 October 2014

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COMPANIES HOUSE

Company No. 07057863

Company information

Company registration number	07057863
Registered office	Thirty Eight Station Road Cambridge CB1 2JH
Directors	R Carnan C Rutherford S Topel J Wooles
Secretary	J Wooles
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY

Contents

Report of the directors	3 - 4
Strategic Report	5 - 7
Report of the independent auditor	8 - 9
Principal accounting policies	10 - 13
Group profit and loss account	14
Group balance sheet	15
Company balance sheet	16
Group cash flow statement	17
Other primary statements	18
Notes to the financial statements	19 - 30

Report of the directors

The directors present their report and the financial statements of the group for the year ended 31 October 2014.

Directors

The directors who served the company during the year were as follows:

Mr C Rutherford

Mr S Topel

Mr J Wooles

Mr R Carnan

Appointed 01 January 2014

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 period. In preparing these financial statements, the directors are required to:

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

Provision of information to Auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Report of the directors (continued)

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'J Wooles', with a stylized flourish at the end.

J Wooles
Secretary
16 December 2014

Strategic Report

Review of the business and future activities

The principal activities of the group during the year were property development and the provision of housing services under a PFI contract.

During the year the group has added value for its shareholders and realised liquidity for funders in accordance with the agreed strategy for the group, the main highlights are set out below.

Brookgate cb1 Limited

Brookgate cb1 Limited had another successful year, activities included;

- Commencement of construction of a new office building at 22 Station Road, with completion planned for early summer 2015.
- Commencement of enabling works to drawdown land for the new Cambridge Station Square.
- Completion by the Downing Group of the second phase of student housing on the southern half of the site in autumn 2014.
- Entering into an agreement for the leasing, forward funding and a construction contract for the development of a hotel and multi-storey cycle park in October 2014.
- Entering into an agreement for the forward funding and a construction contract for the development of an office building - One Station Square in October 2014.

In addition a new £7,000,000 five year facility with Santander to provide investment finance and working capital for the company was drawn down during October 2014; this loan is secured on the properties of the company.

Roselead

Roselead has had a successful year delivering PFI housing services under a contract with the Ministry of Defence. The company is now over 50% of the way through a five year programme of refurbishment for the kitchens and bathrooms in the housing stock that it uses to provide housing services.

The future strategy for the company is to continue to provide housing services for the period of Roselead's PFI contract.

Brookgate Land

Brookgate Land Limited entered into development agreement during the year to promote land at Chesterton cb4 during the year.

The future strategy for the company is to obtain planning and regulatory consent for the development at Chesterton and to seek other strategic opportunities for land promotion.

Brookgate Homes

Brookgate Homes Limited has a number of sites under consideration, and is looking for opportunities to enable it to trade profitably.

The future strategy for the company is seek opportunities for successful residential development in conjunction with other companies in the Group or on a standalone basis.

Strategic Report (continued)

Key performance indicators

	31 October 2014	31 October 2013	31 October 2012
	£	£	£
Net Asset Value	39,264,267	37,689,361	34,756,606
Cash & Group Borrowing			
Cash at Bank	8,039,881	9,730,007	7,159,807
Short term	(500,000)	(500,000)	(500,000)
Long term	(56,296,000)	(56,921,000)	(56,921,000)
Net Borrowing	(48,756,119)	(47,690,993)	(50,261,193)

Results, dividends and capital reduction

The profit for the year after taxation amounted to £8.6m.

Net borrowings increased by £1.1m during the year and net asset value increased by £1.6m.

During the year there was a redemption of preference share capital totalling £10m.

The directors have not recommended a dividend.

Principal risks and uncertainties

The broader economy within which the business operates has significant impact on the Group's activities through demand from tenants and funders of the properties which the Group develops. The Board undertakes regular reviews of the markets in which the businesses operate to ensure that it is aware of changes in market conditions.

The impact of economic conditions, both national and local, on construction costs is a further key risk to the property development business. The Board undertakes regular monitoring of construction costs.

The Board consider that financial risk and uncertainty is one of the key strategic risks impacting on property development businesses.

Financial risk management policies and objectives

The Group uses various financial instruments which include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

All transactions in derivatives are undertaken only to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken. The main risks arising from the Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk.

The directors review and agree policies for managing each of these risks and they are summarised below.

These financial instruments expose the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to interest rate risk (arising from the repricing of the Group's floating rate liabilities), the Group enters into a number of derivative transactions including, but not limited to, variable to fixed interest rate swaps and interest rate option contracts. Hedging policies in Group companies reflect the underlying needs of each business.

Strategic Report (continued)

Market interest risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. In this instance there is no exposure to currency risk as the Group does not enter into any foreign currency transactions. The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Liquidity risk & going concern

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. This is managed by way of detailed business planning and cashflow forecasts which underpin all business operations. Loan facilities are matched with cashflow forecasts of the individual business units to provide a stable platform. Short term flexibility is achieved within facilities provided to companies within the Group.

The majority of working capital requirements are financed by borrowing in Brookgate cb1 Limited or through funds generated from trading activities.

The directors have prepared forecasts for the group which show that the group will be able to operate within the bank facilities which the directors expect to be available. On this basis the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Interest rate risk

The Group finances its operations through retained profits, and fixed and floating rate bank borrowings. It is Group policy for directors to actively monitor global economic events and market interest rate risks with a view to optimising financial performance within a sensible and prudent strategy of interest rate risk management. The extent to which the Group's outstanding floating rate obligations are exposed to interest rate risks is kept under close review and is agreed at regular board meetings. The Group uses a wide range of medium and long term interest rate derivatives to hedge interest rate risk in compliance with the policy which has been agreed from time to time by the board.

Where long term hedging instruments are no longer required by the group the hedges are disposed of in the market.

ON BEHALF OF THE BOARD



J Wooles
Secretary
16 December 2014

Report of the independent auditor to the members of Brookgate Limited

We have audited the financial statements of Brookgate Limited for the Year Ended 31 October 2014 which comprise the principal accounting policies, group profit and loss account, group balance sheet, company balance sheet, group statement of total recognised gains and losses, group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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.

Respective responsibilities of directors and auditors

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 (APB'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/auditscopeprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 October 2014 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

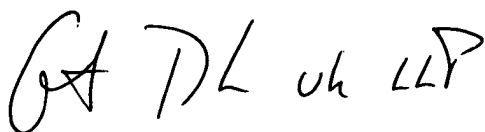
In our opinion the information given in the Report of the directors and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the members of Brookgate 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 by the parent company or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

A handwritten signature in black ink, appearing to read 'GAT DL uh LLP'.

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
CAMBRIDGE
16 December 2014

Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, as modified by the revaluation of investment properties and land and properties under development. They comply with Financial Reporting Standards issued or adopted by the Accounting Standards Board.

The directors have prepared forecasts for the group, which show that the group will be able to operate within the bank facilities available. On this basis, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and amortised over an appropriate period. In the circumstances of the acquisition during the 2009, the majority of the goodwill on consolidation has been immediately written off. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided during the year, excluding VAT. Turnover includes rental income. Rental income from operating leases is recognised on a straight line basis over the period of the lease.

Sales of land and property are recognised upon completion of contracts. Revenue is recognised once a right to consideration is achieved.

Where the group has sold land, and also entered into development contracts in respect of land, the land sale and development contract are accounted for separately provided the full rights and rewards of ownership are transferred on the land sale and appropriate arm's length terms and fair values are applied to each contract.

Development contracts

Profit on development contracts is taken as the work is carried out, provided the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis to reflect the proportion of the work that is carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which has been completed to date. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Principal accounting policies (continued)

Land and properties under development

Land and properties in the course of development that will be retained once their development has been completed, are stated at open market value as determined by independent valuation. The open market value includes development value and takes into account whether planning consents have been achieved. Land acquisitions, costs of construction, legal, finance and planning fees incurred within the construction of the investment properties have been capitalised in the balance sheet.

Temporary changes in market value are recorded in the revaluation reserve and recognised in the statement of recognised gains and losses. Where the carrying value falls below historical cost, these deficits are transferred to the profit and loss account.

The master plan for Cambridge cb1 referred to in the Strategic Report continues to evolve as part of the planning process. The company's strategy is for all land and buildings to be sold once development is completed and therefore all properties held for development in Brookgate cb1 Limited are held as stock.

Investment properties

In accordance with SSAP 19 "Accounting for investment properties", properties held for long-term investment are revalued annually and are included in the balance sheet at their open market values. The aggregate surplus or deficit is transferred to the revaluation reserve. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from the Companies Act 2006, which requires depreciation to be provided on all fixed assets. However, this statutory requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view. If this departure from the Companies Act had not been made, the profit for the financial year would have been reduced by depreciation. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than development properties in the course of construction, investment properties and freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Leasehold properties	-	50 years or the period of the lease if shorter
Fixtures, fittings and equipment	-	4 to 7 years
Motor vehicles	-	4 years

Principal accounting policies (continued)

Goodwill and amortisation

Goodwill on consolidation represents the difference between the fair value of the consideration and the fair value of the net assets acquired. Goodwill amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Purchased goodwill	-	10% on cost
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In light of the circumstances of the acquisition of the group's operating businesses during 2009 the directors have immediately impaired the majority of the goodwill arising on consolidation for all businesses acquired except where the business value was based on long term contracted income.

For businesses with long term contracted income goodwill arising on consolidation is amortised over the life of the contract.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and estimated net realisable value. The cost of property work in progress comprises acquisition costs, site preparation and clearance, planning and professional fees, construction, appropriate overheads and interest payable. The estimated net realisable value of property work in progress is calculated based on projected future sale proceeds less costs to completion.

Finance costs

In accordance with FRS 4 "Capital instruments", the costs of raising term finance are charged to the profit and loss account over the term of the debt at a constant rate on the carrying amount unless the debt is for a period of less than five years. All finance costs incurred relating to assets under development, whether for long-term investment or trading activity, are capitalised until completion of the development.

Finance Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the group profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Operating Leases

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date for liabilities that cannot be foreseen. Deferred tax is measured on a discounted basis for those liabilities and assets whose timing of reversal can be assessed with more certainty.

Pensions

The group operates a defined contribution pension scheme for all employees. In addition, the company makes contributions to money purchase pension schemes for the executive directors. Contributions made to these externally managed pension schemes are charged to the profit and loss account in the year during which the contributions accrue.

Derivative financial instruments

The group uses straightforward derivative financial instruments to assist with the management of its interest rate exposures, but does not enter into speculative derivative contracts. Any gains and losses are matched against the underlying interest charge and the fair value of the instrument acquired with subsidiaries is recognised in the group balance sheet at the year end, with the appropriate charge or credit to the profit and loss account.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Group profit and loss account

		Year to 31 October 2014 £	Year to 31 October 2013 £
	Note		
Group turnover	1	35,606,311	35,084,988
Cost of sales		(21,777,571)	(17,288,958)
Gross profit		13,828,740	17,796,030
Other operating (charges) / credits	2	(492,408)	2,174,855
Operating profit	3	13,336,332	19,970,885
Profit on ordinary activities before interest		13,336,332	19,970,885
Net interest (payable) /receivable	6	(5,053,473)	1,121,230
Profit on ordinary activities before taxation		8,282,859	21,092,115
Tax on profit on ordinary activities	7	292,047	845,109
Retained profit for the financial year	20	8,574,906	21,937,224

All of the activities of the group are classed as continuing.


The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.


The accompanying accounting policies and notes form part of these financial statements.

Group balance sheet

	Note	31 October 2014 £	31 October 2013 £
Fixed assets			
Intangible assets	9	5,034,825	5,390,313
Tangible assets	10	59,003,060	56,004,080
		<u>64,037,885</u>	<u>61,394,393</u>
Current assets			
Stocks	12	31,296,440	33,520,599
Debtors	13	17,137,484	9,417,527
Cash at bank and in hand		8,039,881	9,730,007
		<u>56,473,805</u>	<u>52,668,133</u>
Creditors: amounts falling due within one year	14	6,799,528	3,512,049
Net current assets		<u>49,674,277</u>	<u>49,156,084</u>
Total assets less current liabilities		<u>113,712,162</u>	<u>110,550,477</u>
Creditors: amounts falling due after more than one year	15	(74,447,895)	(72,861,116)
		<u>39,264,267</u>	<u>37,689,361</u>
Capital and reserves			
Called-up equity share capital	19	1,876	1,976
Share premium	20	87,646,266	97,646,166
Revaluation reserve	20	8,000,000	5,000,000
Profit and loss account	20	(56,383,875)	(64,958,781)
Shareholders' funds	21	<u>39,264,267</u>	<u>37,689,361</u>

These financial statements were approved by the directors and authorised for issue on 16 December 2014, and are signed on their behalf by:

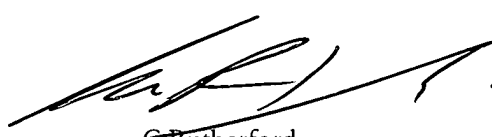

 C Rutherford
 Chairman

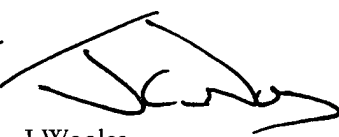

 J Wooles
 Director

Company balance sheet

	Note	31 October 2014 £	31 October 2013 £
Fixed assets			
Investments	11	<u>52,843,083</u>	<u>49,678,349</u>
Current assets			
Debtors	13	<u>6,309</u>	-
Cash at bank and in hand		<u>671,191</u>	<u>209,110</u>
		677,500	209,110
Creditors: amounts falling due within one year	14	<u>4,642,178</u>	<u>4,235,115</u>
Net current liabilities		(3,964,678)	(4,026,005)
Total assets less current liabilities		<u>48,878,405</u>	<u>45,652,344</u>
		<u>48,878,405</u>	<u>45,652,344</u>
Capital and reserves			
Called-up equity share capital	19	1,876	1,976
Share premium account	20	87,646,266	97,646,166
Profit and loss account	20	(38,769,737)	(51,995,798)
Shareholders' funds	21	<u>48,878,405</u>	<u>45,652,344</u>

These financial statements were approved by the directors and authorised for issue on 16 December 2014, and are signed on their behalf by:


 C Rutherford
 Chairman


 J Wooles
 Director

Group cash flow statement

		Year to 31 October 2014 £	Year to 31 October 2013 £
	Note		
Net cash inflow from operating activities	22	11,776,568	25,358,836
Returns on investments and servicing of finance			
Interest received		203,687	313,936
Interest paid		(3,545,381)	(3,602,572)
Net cash outflow from returns on investments and servicing of finance		(3,341,694)	(3,288,636)
Financing			
Reduction in Preference Share Capital		(10,000,000)	(19,000,000)
Bank loans repaid		(7,125,000)	(500,000)
Bank loans received		7,000,000	-
Net cash outflow from financing		(10,125,000)	(19,500,000)
 (Decrease) / Increase in cash	23	 <u>(1,690,126)</u>	 <u>2,570,200</u>

Group statement of total recognised gains and losses

	Year to 31 Oct 2014 £	Year to 31 Oct 2013 £
Profit for the financial period	8,574,906	21,937,224
Unrealised gain on revaluation off tangible fixed assets: Investment properties	3,000,000	–
Total gains recognised for the period	<u>11,574,906</u>	<u>21,937,224</u>

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the principal activities of the group. All turnover arose in the United Kingdom.

	Year to 31 October 2014 £	Year to 31 October 2013 £
Rental and Unitary Payments	7,064,756	7,343,354
Property sale & development	28,541,555	27,741,634
	<u>35,606,311</u>	<u>35,084,988</u>

2 Other operating charges / (credits)

	Year to 31 October 2014 £	Year to 31 October 2013 £
Administrative expenses	492,408	580,773
Impairment provision for land & buildings written back	-	(2,755,628)
	<u>492,408</u>	<u>(2,174,855)</u>

3 Operating profit

Operating profit is stated after charging:

	Year to 31 October 2014 £	Year to 31 October 2013 £
Annual amortisation of intangible assets	355,488	377,190
Depreciation of owned fixed assets	1,020	1,020
Auditor's remuneration:		
Auditor fees:		
- Audit of the company	9,000	7,000
- Audit of subsidiary undertakings	22,500	23,500
- Taxation advice	37,325	33,400
Operating leases - other	-	4,741
Write back of impairment provision on fixed assets	-	(2,755,628)
	<u></u>	<u></u>

4 Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	2014 No	2013 No
Number of employees	<u>8</u>	<u>10</u>

Notes to the financial statements

4 Particulars of employees (continued)

The aggregate payroll costs of the above were:

	Year to 31 October 2014	Year to 31 October 2013
	£	£
Wages and salaries	1,559,128	1,274,542
Social security costs	298,953	517,998
Other pension costs	76,987	77,862
	<u>1,935,068</u>	<u>1,870,402</u>

5 Directors

Remuneration in respect of directors was as follows:

	Year to 31 October 2014	Year to 31 October 2013
	£	£
Remuneration receivable including pension contributions	<u>854,523</u>	<u>770,763</u>
	<u>854,523</u>	<u>770,763</u>

Remuneration of highest paid director:

	£	£
Remuneration (excluding pension contributions)	409,002	388,888
Pension contributions	30,000	30,000
	<u>439,002</u>	<u>418,888</u>

During the year, the highest paid director exercised options over 509,325 C Preference shares

The number of directors receiving contributions to defined contribution pension schemes amounted to 2 (2013: 2)

The number of directors receiving gains on exercise of share options amounted to 3 (2013: 3).

6 Net interest (payable) / receivable

	Year to 31 October 2014	Year to 31 October 2013
	£	£
Interest receivable		
Bank interest	<u>203,687</u>	<u>313,936</u>
Interest payable		
Bank loan and loan stock interest	<u>(3,545,381)</u>	<u>(3,602,572)</u>
Similar charges		
Fair value adjustment financial derivatives	<u>(1,711,779)</u>	<u>4,409,866</u>
Total	<u>(5,053,473)</u>	<u>1,121,230</u>

No interest was capitalised during the year as no borrowing was undertaken to finance development activities

Notes to the financial statements

7

Taxation on ordinary activities

(a) Analysis of charge in the period

	Year to 31 October 2014 £	Year to 31 October 2013 £
Current tax:		
UK Corporation tax based on the results for the year at 21.83% (2013 – 23.42%)	(119,375)	(57,388)
Adjustment to tax charge in respect of previous periods	51,949	72,330
Total current tax	(67,426)	14,942
Deferred tax:		
Asset on fair value of derivatives	359,474	439,067
Capitalised interest and charges reversed	-	391,100
	359,474	830,167
Tax on profit on ordinary activities	359,474	845,109

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21.83% (2013 – 23.42%).

	2014 £	2013 £
Profit on ordinary activities before taxation	8,282,859	21,092,115
Profit on ordinary activities by rate of tax	1,808,148	4,939,773
Differences between capital allowances and depreciation	(9,438)	(13,773)
Disallowed expenses	4,399	5,774
Adjustment to tax charge in respect of previous periods	(51,949)	(72,330)
Goodwill amortisation	71,054	86,207
Utilisation of tax losses	(2,128,469)	(1,719,054)
Other short term timing differences	373,681	(1,242,039)
Income not taxable for tax purposes	-	(646,087)
Adjustments to brought forward values	-	(248,934)
Amounts credited directly to the S1RGL or otherwise transferred	-	(978,066)
Adjustments to losses	-	(126,413)
Total current tax (note 7(a))	67,426	(14,942)

8 Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £13,226,061 (2013 - £17,482,848). The majority of this profit in 2014 is derived from dividends from subsidiary companies.

Notes to the financial statements

9 Intangible fixed assets

Group	Goodwill on consolidation £	Purchased Goodwill £	Total £
Cost or Valuation			
As at 1 November 2013	108,198,806	300,000	108,498,806
At 31 October 2014	108,198,806	300,000	108,498,806
Amortisation			
As at 1 November 2013	102,990,993	117,500	103,108,493
Provided in Year	325,488	30,000	355,488
At 31 October 2014	103,316,481	147,500	103,463,981
 Net book value			
As 31 October 2014	4,882,325	152,500	5,034,825
At 31 October 2013	5,207,813	182,500	5,390,313

In light of the circumstances of the acquisition of the group's operating businesses the directors immediately impaired all the goodwill arising on consolidation for all businesses acquired except where the business value was based on long term contracted income. For businesses with long term contracted income goodwill arising on consolidation is amortised over the life of the contract.

10 Tangible fixed assets

Group	Investment property £	Vehicles and office equipment £	Total £
Cost			
As at 1 November 2013	56,000,000	86,957	56,086,957
Revaluation in year	3,000,000	-	3,000,000
At 31 October 2014	59,000,000	89,957	59,089,957
Depreciation			
As at 1 November 2013	-	82,877	82,877
Charge for the year	-	1,020	1,020
At 31 October 2014	-	83,897	83,897
 Net book value			
As 31 October 2014	59,000,000	3,060	59,003,060
At 31 October 2013	56,000,000	4,080	56,004,080

Notes to the financial statements

10 Tangible fixed assets (continued)

Freehold investment properties

Brookgate cb1 Limited

The properties held by Brookgate cb1 Limited were transferred to stock during 2013. The properties were valued by Bidwells LLP for the purposes of the transfer; the valuation was £21,554,093.

Roselead Limited

The properties were valued at 31 October 2014 for the company by Bidwells LLP.

The Directors consider that the valuation, which was undertaken in accordance with the RICS Valuation Standards (7th Edition) on the basis of open market value subject to the leases and PFI agreements in place was £59,000,000. The Directors consider that this represents a fair value to adopt for the accounts as at 31 October 2014 in accordance with accounting standards.

In addition the properties were valued on the special assumption of open market value with vacant possession by Bidwells LLP for the company's funders on 31 May 2013. The aggregate value of the properties at this date was £50,457,500 (31 May 2013 - £48,480,000).

11 Investments

Company	Shares in group undertakings £
Cost	
As 1 November 2013 & 31 October 2014	<u>119,673,494</u>
Impairment	
As 1 November 2013	69,995,145
Adjustment to Net Asset Value	(3,164,734)
At 31 October 2014	<u>66,830,411</u>
Net book value	
As 31 October 2014	<u>52,843,083</u>
At 31 October 2013	<u>49,678,349</u>

The cost of investment has been recognised at the overall net asset value of the subsidiaries at 31 October 2014.

The above investment represents the ordinary issued share capital of the following subsidiaries in the percentages set out on the following page.

Notes to the financial statements

11 Investments (continued)

Name of subsidiary undertaking	Nature of business	Percentage of equity held
Brookgate cb1 Limited	Commercial property trading and investment	100%
Brookgate Land Limited	Land trading	100%
Greenways Holdings Limited	Intermediate holding company	100%
Greenways (Ravenswood) Limited*	Commercial property investment	100%
Roselead Limited **	Residential property investment	100%
Roselead (Wattisham) Limited	Intermediate holding company	100%
Roselead Holding Limited	Intermediate holding company	100%
Brookgate Homes Limited	Residential property development	100%
Brookgate (Hills Road) Limited	Commercial property investment	100%
Brookgate Development Management Limited	Planning and project management	100%
CB1 Management Company Limited***	Estate management	100%

*Greenways (Ravenswood) Limited is held as a wholly owned subsidiary of Greenways Holdings Limited.

** Roselead Limited is owned 50% by Roselead Wattisham Limited and Roselead Holdings Limited.

***CB1 Management Company Limited is held as a wholly owned subsidiary Brookgate cb1 Limited.

All of the above subsidiaries were acquired on 8 December 2009, with the exception of CB1 Management Company Limited which was acquired in September 2011.

All of the above subsidiaries are incorporated in England and Wales.

12 Stocks

	The group		The company	
	2014	2013	2014	2013
	£	£	£	£
Land and developments for resale	31,296,440	33,520,599	–	–
	<u>31,296,440</u>	<u>33,520,599</u>	<u>–</u>	<u>–</u>

Work in progress includes an amount of £31,296,440 (2013 - £29,756,128) which is expected to be realised after more than one year.

13 Debtors

	The group		The company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	1,347,538	2,816,390	-	-
Amounts recoverable on contracts	11,986,279	3,006,709	-	-
Amounts owed by group undertakings	-	-	-	-
VAT recoverable	37,469	215,586	-	-
Other debtors	26,069	41,202	-	-
Prepayments and accrued income	92,632	49,617	6,309	-
Deferred tax (Note 17)	3,647,497	3,288,023	-	-
	<u>17,137,484</u>	<u>9,417,527</u>	<u>6,309</u>	<u>-</u>

Notes to the financial statements

14 Creditors: amounts falling due within one year

	2014	The group 2013	2014	The company 2013
	£	£	£	£
Bank loans	500,000	500,000	-	-
Trade creditors	3,205,319	1,107,017	-	3,000
Amounts owed to group undertakings	-	-	3,992,000	4,171,980
Corporation tax	124,815	57,388	-	-
Other creditors	4,468	4,468	4,468	4,468
Taxation and social security	1,460,881	78,656	631,000	41,842
Accruals and deferred income	1,504,045	1,764,520	14,710	13,825
	<u>6,799,528</u>	<u>3,512,049</u>	<u>4,642,178</u>	<u>4,235,115</u>

15 Creditors: amounts falling due after more than one year

	2014	The group 2013	2014	The company 2013
	£	£	£	£
Fair value liability of financial derivatives	18,151,895	16,440,116	-	-
Bank loans	56,296,000	56,421,000	-	-
	<u>74,447,895</u>	<u>72,861,116</u>	<u>-</u>	<u>-</u>

16 Bank loans

Bank loans are repayable as follows:

	2014	The group 2013	2014	The company 2013
	£	£	£	£
Amounts payable within 1 year	500,000	500,000	-	-
Amounts payable after 1 and within 5 years	6,500,000	6,625,000	-	-
Amounts payable after 5 years	49,796,000	49,796,000	-	-
	<u>56,796,000</u>	<u>56,921,000</u>	<u>-</u>	<u>-</u>

The bank loans payable within one year and between one and five years are a revolving credit facility, which is subject to quarterly limit reductions of £125,000 until October 2019 followed by a final payment of £4,500,000. Interest is payable on the loan at a floating rate with a margin of 2.4% above LIBOR.

The bank loans due after five years are repayable as follows:

	2014	The group 2013	2014	The company 2013
	£	£	£	£
Bank loan 1, repayable in May 2028, swapped interest rate 5.75% to 31 May 2028	36,696,000	36,696,000	-	-
Bank loan 2, repayable in May 2028, swapped interest rate 5.81% to 31 October 2028	13,100,000	13,100,000	-	-
	<u>49,796,000</u>	<u>49,796,000</u>	<u>-</u>	<u>-</u>

Loans entered into by Group companies are secured on the assets of the companies.

Throughout the year, the group has hedged certain of its borrowing costs with a range of interest rate derivatives. As at 31 October 2014, these had a negative value of £18,151,895 (2013 -£16,440,116) which is recognised in the group balance sheet as a fair value adjustment on consolidation.

Notes to the financial statements

17 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2014	The group	2014	The company
	£	2013	£	2013
		£		£
Asset brought forward	3,288,023	2,457,856	–	–
Recognised during the year	359,474	830,167	–	–
Asset carried forward	<u>3,647,497</u>	<u>3,288,023</u>	<u>–</u>	<u>–</u>
Represented by:				
Included in debtors	3,647,497	3,288,023	–	–
Included in provisions for liabilities	–	–	–	–
Asset carried forward	<u>3,647,497</u>	<u>3,288,023</u>	<u>–</u>	<u>–</u>

The group's provision for deferred taxation liabilities/(assets) consists of the tax effect of timing differences in respect of:

Group	2014		2013	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Revaluation of financial derivative	3,647,497	–	3,288,023	–
Excess of taxation allowances over depreciation on fixed assets	–	74,642	–	89,289
Tax losses available	–	6,441,997	–	8,333,444
Short term timing differences	–	2,858,422	–	2,858,422
	<u>3,647,497</u>	<u>9,375,041</u>	<u>3,288,023</u>	<u>11,281,155</u>

The group has tax losses of circa £32,200,000 (2013 - £41,700,000) available to potentially offset against future taxable profits.

18 Related party transactions

The group has taken advantage of the exemption allowed under FRS 8 to disclose transactions with other members of the group headed by Brookgate Limited.

Notes to the financial statements

19 Share capital

Allotted, called up and fully paid:

		2014	2013	
	No	£	No	£
450 A Ordinary shares of £1 each	450	450	450	450
550 Ordinary shares of £1 each	550	550	550	550
C Preference shares of £0.00001 each	-	-	10,000,000	100
D Preference shares of £0.00001 each	10,000,000	100	10,000,000	100
E Preference shares of £0.00001 each	10,000,000	100	10,000,000	100
F Preference shares of £0.00001 each	10,000,000	100	10,000,000	100
G Preference shares of £0.00001 each	10,000,000	100	10,000,000	100
H Preference shares of £0.00001 each	10,000,000	100	10,000,000	100
I Preference shares of £0.00001 each	10,000,000	100	10,000,000	100
J Preference shares of £0.00001 each	27,647,000	276	27,647,000	276
		<u>1,876</u>		<u>1,976</u>

Capital Reduction

The Class C preference shares were redeemed during the year.

Rights of shares

The A Ordinary shares have attached to them voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

The Ordinary shares have attached to them voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

All classes of preference shares have attached to them dividend and capital distribution (including on winding up) and redemption rights; they do not confer any voting rights.

Class D Preference shares have the right to be redeemed before other classes, followed by classes E, F, G, H, I and J in that order.

Share options

Certain directors and employees of group undertakings had entered into an incentivisation scheme which provides various share options in Brookgate Limited.

The share options had no vesting period and were exercisable at any time after the grant date.

Details of the number of share options and the weighted average exercise price (WAEF) outstanding during the year are as follows:

	2014		2013	
Preference Share Options	No	WAEF	No	WAEF
		£		£
Outstanding at Beginning of Year	919,000	-	3,474,000	-
Exercised in Year	(919,000)	-	(2,555,000)	-
Outstanding at Year End	<u>-</u>	<u>-</u>	<u>919,000</u>	<u>-</u>

Notes to the financial statements

20

Reserves

Group	Share premium	Revaluation reserve	Profit and loss account
	£	£	£
As 1 November 2013	97,646,166	5,000,000	(64,958,781)
Profit for the year	-	-	8,574,906
Revaluation of Tangible Fixed Assets	-	3,000,000	-
Reduction in Capital	(9,999,900)	-	-
At 31 October 2014	87,646,266	8,000,000	(56,383,875)

Company

Share premium	Profit and loss account
£	£
97,646,166	(51,995,798)
-	13,226,061
(9,999,900)	-
<hr/>	<hr/>
87,646,266	38,105,447

21

Reconciliation of movements in shareholders' funds

Group	2014	2013
	£	£
Opening shareholders' funds	37,689,361	34,752,137
Profit for the year	8,574,906	21,937,224
Reduction in Capital	(10,000,000)	(19,000,000)
Revaluation of Tangible Fixed Assets	3,000,000	-
Closing shareholders' funds	39,264,267	37,689,361

Company

	2014	2013
	£	£
Opening shareholders' funds	45,652,344	47,169,496
Profit for the year	13,226,061	17,482,848
Reduction in Capital	(10,000,000)	(19,000,000)
Closing shareholders' funds	48,878,405	45,652,344

22

Reconciliation of operating profit to net cash inflow from operating activities

	2014	2013
	£	£
Operating profit	13,336,332	19,970,885
Amortisation	355,488	377,190
Depreciation	1,020	1,020
Decrease in stocks	2,224,159	1,918,844
(Increase) / decrease in debtors	(7,360,483)	4,569,339
Increase / (Decrease) in creditors	3,220,052	(1,478,442)
Net cash inflow from operating activities	11,776,568	25,358,836

Notes to the financial statements

23 Reconciliation of net cash flow to movement in net debt

	2014 £	2013 £
(Decrease) / Increase in cash in the year	(1,690,126)	2,570,200
Net repayment of bank loans	125,000	500,000
Change in net debt resulting from cash flows	(1,565,126)	3,070,200
Net debt at 31 October	(48,756,119)	(47,190,993)

24 Analysis of changes in net debt

	At 31 Oct 2013	Cash flows £	At 31 Oct 2014 £
Net cash:			
Cash in hand and at bank	9,730,007	(1,690,126)	8,039,881
Cash in hand and at bank	9,730,007	(1,690,126)	8,039,881
Debt:			
Loan	(56,921,000)	125,000	(56,796,000)
Net debt	(47,190,993)	(1,565,126)	(48,756,119)

25 Contingent Liabilities

As part of its arrangements under a development agreement with Network Rail to develop the land adjacent to Cambridge Station the Group has a potential liability to pay overage to Network Rail based on the overall profitability of those parts of the Cambridge cb1 development covered by the development agreement. The current level of profitability has not triggered any liability to pay overage under these arrangements and the final amount payable, if any, cannot yet be quantified.

The Group has a liability to ensure that planning obligations are complied with on the sites which it owns and /or develops.

Approximately £1,200,000 has been deposited in a designated bank account to accommodate obligations under the project management agreement in respect of refurbishment costs.

Approximately £700,000 has been deposited in a designated bank account to accommodate obligations under debt servicing obligations.

The directors have confirmed that there were no other contingent liabilities which should be disclosed at 31 October 2014 or 31 October 2013.

Notes to the financial statements

26 Capital commitments

The directors have confirmed that there were no capital commitments at 31 October 2014 or 31 October 2013.

27 Controlling related party

As a result of the shareholdings in Brookgate Limited, the directors consider there to be no controlling related party.