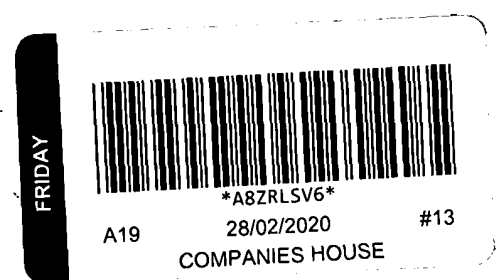


**Acorn FM Holdings (UK) Limited**  
**Annual report and financial statements**  
**For the year ended 30 June 2019**



Registered in England  
Company Registration Number: 07608659

**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30 June 2019**

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**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

**DIRECTORS, OFFICERS AND PROFESSIONAL SERVICE PROVIDERS**

---

**THE BOARD OF DIRECTORS**

Simon David Austin Davies  
Farhad Karim  
D Andrew Lax

**COMPANY SECRETARY**

Intertrust (UK) Limited  
35 Great St. Helen's  
London, EC3A 6AP  
United Kingdom

**REGISTERED OFFICE**

40 Berkeley Square  
London, W1J 5AL  
United Kingdom

**INDEPENDENT AUDITORS**

Deloitte LLP  
Statutory Auditor  
1 New Street Square  
London, EC4A 3HQ  
United Kingdom

**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

**STRATEGIC REPORT**

**For the year ended 30 June 2019**

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This strategic report has been prepared for the Acorn FM Holdings (UK) Limited as a whole and therefore gives greater emphasis to those matters which are significant.

**REVIEW OF BUSINESS**

The business has disposed all underlying real estate investments held under its subsidiaries in the prior year. Both the level of activity for the year and the financial position at the end of the year was anticipated by the directors.

The results for the company are set out in the financial statements.

**KEY PERFORMANCE INDICATORS**

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

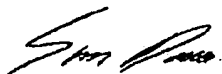
**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties mainly relate to the value of the company's remaining assets and liabilities. These risks and uncertainties are managed on a group basis and are discussed in more detail in the annual board meeting of 151 Property Trust, the parent undertaking of the largest group for which consolidated financial statements are drawn up and of which the company is a member.

**FUTURE DEVELOPMENTS**

The directors expect the general level of activity to decrease in the forthcoming year. This is as a result of the investments held onshore has all been disposed and the directors intend to proceed with winding up the company within the next 24 months.

Approved by the Board and signed on its behalf by:



Simon Davies  
Director  
13 February 2020  
40 Berkeley Square  
London, W1J 5AL  
United Kingdom

## **Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

### **DIRECTORS' REPORT**

**For the year ended 30 June 2019**

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The Directors present their Directors' report together with the audited financial statements of Acorn FM Holdings (UK) Limited ("the Company"), for the year ended 30 June 2019.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company is a holding company of the entities it controls which consist of Real Estate Investment Management and Real Estate Ownership through the investment portfolio, fund co-investments and developments.

The Company recorded a loss during the year of A\$98,000 (2018: loss of A\$78,000). The Company has net liabilities of A\$507,000 (2018: net liabilities of A\$409,000).

#### *Future Prospects*

The directors expect the general level of activity to decrease in the forthcoming year. This is a result of the investments held onshore has all been disposed and the directors intend to proceed with winding up the company within the next 24 months.

#### **DIVIDENDS**

The Directors have not recommended a dividend for the financial year ended 30 June 2019 and 30 June 2018.

#### **GOING CONCERN**

The Directors acknowledge whilst there is a current year loss of A\$98,000 (2018:A\$78,000) and a net working capital deficiency position of A\$507,000 (2018:A\$409,000) they believe that this will not impact the going concern basis and have reasonable expectation that the company has access to sufficient cash and financial resources from its immediate and ultimate controlling company and is expected to continue in operational existence for at least twelve months from date of signing these financial statements. The immediate and ultimate holding company has also given an undertaking to provide continuing financial support, at least through twelve months from the date of these financial statements

#### **GEOPOLITICAL UNCERTAINTY**

Geopolitical volatility has become a key driver of uncertainty, and will remain one over the next few years. The directors continue to monitor the ongoing negotiations regarding the UK's exit from the European Union ("Brexit"). The operational impacts have been evaluated across human resources, supply chains, tax, macroeconomic and regulatory policy and have been deemed to have a negligible impact on the long-term sustainability of the entity. The longer-term impact of Brexit will continue to be monitored as the uncertainty resolves.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties of the Company relate to the performance of the unit trusts to which the Company acts as trustee. These risks are managed by regularly monitoring the activities of the unit trusts.

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## **Acorn FM Holdings (UK) Limited**

Company registration number: 07608859

### **DIRECTORS' REPORT**

For the year ended 30 June 2019

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#### **FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies and details of exposure to liquidity risk, credit risk and foreign currency risk are disclosed in note 15 to the financial statements (page 25 to 26).

#### **DIRECTORS**

The Directors who, unless otherwise stated, served throughout the year ended 30 June 2019 and up to the date of signing the financial statements were as follows:

Simon David Austin Davies  
Farhad Karim  
D Andrew Lax

None of the directors held a beneficial interest in the shares of the Company during the year.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

#### **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 elected to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

**DIRECTORS' REPORT**

**For the year ended 30 June 2019**

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**AUDITORS**

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

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors, Deloitte LLP are unaware; and
- the 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 Company's auditors are aware of that information.

The Directors confirm that they have complied with the above requirements throughout the year and subsequently.

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

**INDEPENDENT AUDITORS**

The auditors, Deloitte LLP, will be proposed for reappointment at the Annual General Meeting in accordance with Section 485-488 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Simon Davies  
Director  
13 February 2020

## **Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACORN FM HOLDINGS (UK) LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Acorn FM Holdings (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

## **Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACORN FM HOLDINGS (UK) LIMITED (continued)**

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#### **Other Information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACORN FM HOLDINGS (UK) LIMITED (continued)**

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#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' Report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

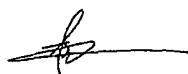
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

##### **Use of our report**

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.



Ghorzang Aziz, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

13 February 2020

**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2019

	Notes	2019 A\$'000	2018 A\$'000
<b>CONTINUING OPERATIONS</b>			
Investment Income		-*	-
Interest Income		1	-
Net foreign exchange loss		(2)	(20)
Impairment loss	7	(76)	-
Administrative expenses		<u>(21)</u>	<u>(58)</u>
<b>LOSS BEFORE INCOME TAX</b>	3	(98)	(78)
Income tax		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<u><u>(98)</u></u>	<u><u>(78)</u></u>

The notes on pages 14 to 26 form an integral part of these financial statements.

\*Denotes amount equivalent of A\$63.

**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659


**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2019

	Notes	2019 A\$'000	2018 A\$'000
<b>ASSETS</b>			
Non-current assets			
Investments	8	-	-
Total non-current assets		-	-
Current assets			
Cash and cash equivalents	6	112	134
Loans and receivables	7	2	76
Total current assets		114	210
Total assets		114	210
<b>LIABILITIES</b>			
Current liability			
Payables	9	(621)	(619)
Total current liability		(621)	(619)
Total liability		(621)	(619)
Net liability		(507)	(409)
Capital and reserves			
Share capital	10	1,332	1,332
Share premium		1,131	1,131
Retained losses		(2,970)	(2,872)
Shareholders' deficiency		(507)	(409)

The notes on pages 14 to 26 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 13 February 2020 and were signed on its behalf by:



Simon Davies  
Director  
13 February 2020

**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2019

	Share capital A\$'000	Share premium A\$'000	Retained losses A\$'000	Total A\$'000
Balance at 30 June 2017	1,202	1,131	(2,794)	(461)
Total comprehensive loss for the year	-	-	(78)	(78)
Transactions with owners in their capacity as owners:				
Issue of share capital	130	-	-	130
Balance at 30 June 2018	1,332	1,131	(2,872)	(409)
Total comprehensive loss for the year	-	-	(98)	(98)
Balance at 30 June 2019	1,332	1,131	(2,970)	(507)

The notes on pages 14 to 26 form an integral part of these financial statements.

**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

**STATEMENT OF CASH FLOWS**

For the year ended 30 June 2019

	Notes	2019 A\$'000	2018 A\$'000
<b>Cash flow from operating activities</b>			
Loss before tax		(98)	(78)
Adjustments for:			
Impairment loss		76	-
Net foreign exchange loss		2	20
		<u>(20)</u>	<u>(58)</u>
Changes in working capital			
Increase in prepayment		(2)	-
Increase in payables	9	2	24
Total changes in working capital		<u>-</u>	<u>24</u>
<b>Net cash used in operating activities</b>		<u>(20)</u>	<u>(34)</u>
<b>Cash flow from financing activity</b>			
Proceeds on issue of shares	10	-	130
<b>Net cash generated from financing activity</b>		<u>-</u>	<u>130</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		(20)	96
Cash and cash equivalents at the beginning of the year		134	58
Effect of foreign exchange movements		(2)	(20)
<b>Cash and cash equivalents at the end of the year</b>	6	<u>112</u>	<u>134</u>

The notes on pages 14 to 26 form an integral part of the financial statements.

## **Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2019**

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#### **1 General information**

Acorn FM Holdings (UK) Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 40 Berkeley Square, London, United Kingdom, W1J 5AL.

The Company financial statements are presented in Australian dollars (A\$) (the Company's functional currency).

The principal activity of the Company is a holding company of the entities it controls which consist of Real Estate Investment Management and Real Estate Ownership through the investment portfolio, fund co-investments and developments.

#### **2 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **2.1 Basis of preparation**

These financial statements have been prepared in accordance with European Union ("EU") Endorsed International Financial Reporting Standards ("IFRSs"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value. IFRSs also require an alternative treatment to the historic cost convention in certain circumstances.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for at least 12 months from date of approval of the financial statements. The Directors are satisfied that it operates in such a way to ensure the Company will continue to be a going concern.

The Company meets the definition of an Investment Entity as defined by IFRS 10 and is required to account for the investments in the Subsidiaries at fair value through profit and loss.

The preparation of financial statements in conformity with IFRSs 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on pages 19.

##### **New and amended standards adopted by the Company**

On 1 July 2018, the Company adopted all new and amendments to standards that are mandatory for application for the financial year. The adoption of these new standards and amendments to standards does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

## Acorn FM Holdings (UK) Limited

Company registration number: 07608859

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

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## 2 Accounting policies

### 2.1 Basis of preparation (continued)

#### IFRS 9 Financial Instruments

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the financial statements are described below.

The Company applied IFRS 9 with an initial application date of 1 July 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39.

The significant accounting policies for financial instruments under IFRS 9 is as disclosed below.

#### Classification and measurement of financial assets and financial liabilities

The Company has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The classification of financial assets is based on two criteria: the Company's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The resultant financial instrument categories and measurement bases are disclosed in Note 4(a).

#### Impairment of financial assets

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost or at FVTOCI,
- (2) Lease receivables,
- (3) Trade receivables and contract assets, and
- (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

On the date of application, the Company assessed that the expected credit loss allowance on its in-scope financial assets is not material.

## **Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2019

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## **2 Accounting policies (continued)**

### **2.1 Basis of preparation (continued)**

#### **Going concern**

The directors consider the principal risk to be financial risk and believe that the Company has sufficient procedures in place to manage its risks successfully, and has access to sufficient cash and financial resources from its immediate and ultimate controlling company and is expected to continue in operational existence for at least twelve months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statement.

As at 30 June 2019, the Company has a net loss position of A\$98,000 (2018: A\$78,000).

The Company has therefore adopted the going concern basis in preparing its financial statements.

### **2.2 Summary of other significant accounting policies**

#### **(a) Investment entities**

The Company has been deemed to meet the definition of an Investment Entity under IFRS 10, 'Consolidated Financial Statements' as the following conditions exist:

- (a) The Company obtains funds from its investors for the purpose of providing those investors with professional
- (b) The Company has committed to its investors that its business purpose is to invest funds solely for returns from capital appreciation and investment income.
- (c) The Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

As the Company meets the definition of an Investment Entity, the company's subsidiaries will be accounted for at fair value through profit or loss. This is in accordance with IFRS 9, 'Financial Instruments'.

#### **(b) Foreign currency translation**

##### **Functional and presentation currency**

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction.

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and the Company's presentation currency.

## **Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2019**

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## **2 Accounting policies (continued)**

### **2.2 Summary of other significant accounting policies (continued)**

#### **(b) Foreign currency translation (continued)**

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

#### **(c) Financial instruments**

The Company recognises financial instruments when it becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to receive the cash flows expire or it has transferred the financial asset and the economic benefit of the cash flows. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial instruments are used to support the Company's operations. Interest is charged to the statement of comprehensive income as incurred or earned. Issue costs for instruments subsequently recorded at amortised cost are netted against the fair value of the related debt instruments on initial recognition and are charged to the statement of comprehensive income over the term of the relevant facility.

Financial instruments are recorded initially at fair value. Subsequent measurement depends on the designation of the instrument, as follows:

a) Financial assets/liabilities held for short term gain, including financial assets at FVTPL, are measured at fair value and movements in fair value are credited/charged to the statement of comprehensive income in the year.

b) Loans and receivables/payables and non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market, are measured at amortised cost. These are included in current assets/liabilities except for instruments that mature after more than 12 months which are included in non current assets/liabilities.

## Acorn FM Holdings (UK) Limited

Company registration number: 07608669

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

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## 2 Accounting policies (continued)

### 2.2 Summary of other significant accounting policies (continued)

#### (c) Financial instruments (continued)

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### (d) Trade payables

Trade payables are recognised initially at transaction price less attributable transaction costs and subsequently measured at amortised cost.

#### (e) Cash and cash equivalents

In the preparation of the Company's statement of cash flows, cash and cash equivalents represent short term liquid investments which are readily realisable within three months or less. Cash which is subject to restrictions, being held to match certain liabilities, is included in cash and cash equivalents in the statement of financial position.

#### (f) Share capital

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

#### (g) Taxation

##### Current Tax

The expense or credit for current tax is based on the results for the year adjusted for items that are either not subject to taxation or for expenditure which cannot be deducted in computing the tax expense or credit. The tax expense or credit is calculated using taxation rates that have been enacted or substantively enacted at the reporting date.

##### Deferred Tax

Deferred tax is recognised using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax is recognised in respect of all taxable temporary differences, with certain limited exceptions:

- deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; and
- deferred tax assets are only recognised if it is probable that there will be sufficient profits from which the future reversal of the temporary differences can be deducted. In deciding whether future reversal is probable, the Directors review the Company's forecasts and make an estimate of the aggregate deferred tax asset that should be recognised. This aggregate deferred tax asset is then allocated into the different categories of deferred tax.

**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2019

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**2 Accounting policies (continued)**

**2.2 Summary of other significant accounting policies (continued)**

**(g) Taxation (continued)**

**Deferred Tax (continued)**

Deferred tax is calculated at the tax rates that are expected to apply in the years in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the statement of comprehensive income, except where it applies to items credited or charged to equity, in which case the deferred tax is also dealt with in equity.

**2.3 Critical Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2.2, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources, including the fair value of investments. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**(a) Critical judgements in applying the Company's accounting policies**

There were no critical accounting judgements for the year ended 30 June 2019.

**(b) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Investment at fair value through profit or loss**

In estimating the fair value of the investment at fair value through profit or loss, management takes into consideration the ability of the real estate companies held, to obtain debt financing, operating results of the real estate companies, local market conditions, trading values and other factors that management deems appropriate. The use of different market assumptions and/or estimation methodologies may have a material effect on fair value. In the absence of readily determinable fair values, a significant degree of judgement is required by management which may significantly impact the resulting fair value. Whilst the management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the investments, it may not necessarily be the amount that the management would realise in a market exchange.

The fair value of trade investment is disclosed in Notes 8.

## Acorn FM Holdings (UK) Limited

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

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#### 3 Loss before income tax

Loss before taxation is stated after charging auditors' remuneration for the year of A\$14,516 (2018: A\$14,619). Non-audit services provided by the auditors in the current year amounted to A\$9,948 (2018: A\$12,980).

#### 4 Employees and Directors

The Company had no employees during the current or prior years.

The Directors have not been remunerated for services to the Company in the current or prior years.

#### 5 Income tax

The income tax varied from the amount of income tax benefit determined by applying the UK income tax rate of 19% (2018: 19.25%) to loss before tax as a result of the following differences:

	2019 A\$'000	2018 A\$'000
Loss before income tax expense	<u>(98)</u>	<u>(78)</u>
Tax on loss at standard UK corporation tax rate of 19% (2018: 19.25%)	(19)	(15)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Tax losses not recognised for deferred tax	<u>19</u>	<u>15</u>
Income tax expense / (credit) for the year	<u>-</u>	<u>-</u>

No liability to UK corporation tax arose during the current financial year and the prior financial year. The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 19.25% to 19% from 1 April 2017 and to 17% from 1 April 2020.

A deferred tax asset of A\$18,715 (2018: A\$13,743) in respect of tax losses arising during the year, of which has been calculated using an effective tax rate of 19% (2018: 19.25%), has not been recognised in the financial statements due to the fact that the likelihood of realisation fails to meet the 'more likely than not criterion'.

#### 6 Cash and cash equivalents

	2019 A\$'000	2018 A\$'000
Cash at bank	<u>112</u>	<u>134</u>

**Acorn FM Holdings (UK) Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2019

**7 Receivables**

	2019 A\$'000	2018 A\$'000
Prepayment	2	-
Loans to related parties (see note 12)	76	76
Less: Allowance for impairment of loans to related parties	(76)	-
	<u>2</u>	<u>76</u>

As at 30 June 2018, included within loans to other related parties is an amount of A\$76,473 owed by an entity with Blackstone Real Estate Partners VI-VD LP ("BREP VI"), as the ultimate parent entity. During the financial year, the loan to related parties amounting to A\$76,473 owed by an entity with Blackstone Real Estate Partners VI-VD LP ("BREP VI") has been impaired.

The loans were unsecured, interest free and repayable on demand.

**8 Investments**

	2019 A\$'000	2018 A\$'000
Shares in subsidiaries		
Balance brought forward	-	-
Unrealised loss on revaluation	-	-
At fair value	<u>-</u>	<u>-</u>

The Company has Investments in the following subsidiary undertakings:

Subsidiaries:	Country of Incorporation	Holding	Principal activities	Type of share
151 Property Pty Limited*	Australia	100%	Asset management	Ordinary
151 Property Commercial Management Limited	Australia	100%	Fund management	Ordinary
151 Property Holdings Pty Limited	Australia	100%	Holding company	Ordinary
151 Property Development Management Pty Limited	Australia	100%	Fund management	Ordinary
Property Mezzanine Fund	Australia	100%	Capital services	Ordinary
ICA Property Group Pty Limited	Australia	100%	Non-trading	Ordinary
151 Property Core Plus Management	Australia	100%	Fund management	Ordinary
Marsden Point Pty Limited	Australia	100%	Property investment	Ordinary
Shepparton Homemaker Trust	Australia	100%	Property investment	Ordinary
151 Property Fund Management Pty Limited	Australia	100%	Fund management	Ordinary
Valad Unitholder Mackay Turf Farm Trust	Australia	100%	Non-trading	Ordinary

**Acorn FM Holdings (UK) Limited**

Company registration number: 07508659

**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 30 June 2019

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**8 Investments (continued)**

Subsidiaries:	Country of Incorporation	Holding	Principal activities	Type of share
NZ Storage Holding Trust No 1	Australia	100%	Non-trading	Ordinary
NZ Storage Holding Trust No 2	Australia	100%	Non-trading	Ordinary
Auckland Club Tower Trust	Australia	100%	Non-trading	Ordinary
Australian Retail Centres Pty Limited	Australia	100%	Non-trading	Ordinary
Noosa Venture 1 Pty Limited	Australia	100%	Non-trading	Ordinary
Noosa Holding Trust	Australia	100%	Non-trading	Ordinary
370 Queen Holding Trust	Australia	100%	Non-trading	Ordinary
370 Queen Trust	Australia	100%	Property investment	Ordinary
Acorn Canada Holdings Pty Limited	Australia	100%	Non-trading	Ordinary
Capital Apartments Pty Limited	Australia	100%	Property investment	Ordinary
Capital Itara Apartments Trust	Australia	100%	Property investment	Ordinary
Capital Central Apartments Trust	Australia	100%	Property investment	Ordinary
Lot 19 Pty Limited	Australia	100%	Non-trading	Ordinary
Bridge Street Custodians Pty Limited	Australia	100%	Non-trading	Ordinary
151 Property Services Pty Limited	Australia	100%	Non-trading	Ordinary
Acorn FM Trusco Pty Limited	Australia	100%	Non-trading	Ordinary
Acorn FM Finance Pty Limited	Australia	100%	Holding debt	Ordinary
Acorn European Holdings UK Limited	United Kingdom	100%	Non-trading	Ordinary
Acorn European Capital Limited	United Kingdom	100%	Non-trading	Ordinary
Acorn TCL Holdings Limited	United Kingdom	100%	Non-trading	Ordinary

Only company denoted (\*) are directly held by Acorn FM Holdings (UK) Limited.

The registered address of the subsidiary undertakings incorporated in Australia is Level 6, 151 Castlereagh Street, Sydney, Australia, NSW 2000.

The registered address of the subsidiary undertakings incorporated in United Kingdom is 40 Berkley Square, London, United Kingdom, W1J 5AL.

## Acorn FM Holdings (UK) Limited

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

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#### 9 Payables

	2019 A\$'000	2018 A\$'000
Amounts owed to subsidiaries (see note 12)	536	530
Amounts owed to Blackstone Real Estate Advisors L.P. (see note 12)	17	44
Accruals	68	45
Total	<u>621</u>	<u>619</u>

All amounts owed to subsidiary and related party are interest free, carry no security and are repayable on demand. The balances of amounts due to Blackstone Real Estate Advisors L.P. are unsecured, non-interest bearing and repayable on demand.

#### 10 Share capital

	2019 A\$'000	2018 A\$'000
Authorised, allotted, called up and fully paid 833,126 (2018: 833,126) ordinary shares of £1 each	<u>1,332</u>	<u>1,332</u>

During the financial year the Company did not allot, issue and fully pay ordinary shares. The Company has one class of shares having equal rights.

#### 11 Dividends and distributions

The Directors have not recommended a dividend in the current or prior year.

#### 12 Related party transactions

Blackstone Real Estate Advisors L.P. is a related party of the Company by virtue of common control. The outstanding amount due to Blackstone Real Estate Advisors L.P. at the reporting date amounted to \$16,776 (2018: \$44,013).

Other than those disclosed in notes 7 and 9, the Company did not enter into any other material related party transactions with its related parties during the year.

No director or key management personnel received remuneration from the Company for their services provided to the Company.

#### 13 Controlling entity

As at 30 June 2019, the Company's immediate and ultimate controlling party is Blackstone Real Estate Partners VI-VD LP., a partnership registered at 40 Berkeley Square, London, United Kingdom, W1J 5AL.

Blackstone Real Estate Partners VI-VD LP. is the largest and smallest group which includes the Company for which financial statements are prepared.

Copies of the largest and smallest group financial statements are available at 40 Berkeley Square, London, United Kingdom, W1J 5AL.

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## Acorn FM Holdings (UK) Limited

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### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

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#### 14 Events occurring after reporting date

On 9 August 2019, Acorn FM Unit Trust distributed an paid In cash, an interim income distribution in the amount of US\$1 (A\$1) to the Company.

#### 15 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by a central treasury function on a Group-wide basis under policies approved by the Board of Directors. The central treasury function identifies, evaluates and hedges financial risks. The Board has approved written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

##### Market risk

##### Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures. Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Company's financial assets and liabilities are primarily denominated in foreign currencies such as USD and GBP. Therefore, the Company is exposed to foreign currency risks.

	British Pound A\$'000	United States Dollar A\$'000
<b>As at 30 June 2019</b>		
<b>Financial asset</b>		
Cash and cash equivalents	-	112
	<u>-</u>	<u>112</u>
<b>Financial liabilities</b>		
Payables subsidiaries	(443)	-
Accrued expenses	(57)	(9)
Payables related party	-	(17)
Payables	(2)	-
	<u>(502)</u>	<u>(26)</u>
<b>Net financial (liabilities) / asset</b>	<u>(502)</u>	<u>86</u>

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**Acorn FM Holdings (UK) Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2019

**15 Financial risk management (continued)****Market risk (continued)****Foreign exchange risk (continued)**

	British Pound A\$'000	United States Dollar A\$'000
<b>As at 30 June 2018</b>		
<b>Financial asset</b>		
Cash and cash equivalents	-	132
	<u>-</u>	<u>132</u>
<b>Financial liabilities</b>		
Payables subsidiaries	(437)	-
Accrued expenses	(34)	(55)
Payables related party	-	-
	<u>(471)</u>	<u>(55)</u>
<b>Net financial (liabilities) / asset</b>	<u>(471)</u>	<u>78</u>

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of the Company. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates.

If the relevant foreign currency weakens by 5% against the functional currency of the Company, profit or loss will increase/(decrease) by:

	2019		2018	
	British Pound A\$'000	United States Dollar A\$'000	British Pound A\$'000	United States Dollar A\$'000
Profit or loss	<u>25</u>	<u>(4)</u>	<u>24</u>	<u>(4)</u>

**Acorn FM Holdings (UK) Limited**

Company registration number: 07608659

**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 30 June 2019

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**15 Financial risk management (continued)****Market risk (continued)***Foreign exchange risk (continued)*

If the relevant foreign currency strengthens by 5% against the functional currency of the Company, profit or loss will increase/(decrease) by:

	2019		2018	
	British Pound A\$'000	United States Dollar A\$'000	British Pound A\$'000	United States Dollar A\$'000
Profit or loss	<u>(25)</u>	<u>4</u>	<u>(24)</u>	<u>4</u>

**Credit risk**

Credit risk refers to the risk that a counterparty default on its contractual obligations resulting in a financial loss to the Company.

The credit risk on cash and bank balances is limited because they are held with creditworthy financial institutions.

The credit risk on loans and receivables is limited because they are held with related parties and are regularly assessed for impairment indicators.

**Liquidity risk**

The Company is subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plan for growth. The Company manages its liquidity requirements with the use of both short and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom position which is used to demonstrate funding adequacy for at least a 12 month period.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The central treasury function aims to maintain flexibility in funding by keeping committed credit lines available.

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to ensure financial covenants contained in the bank facility agreements are met throughout the year.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.