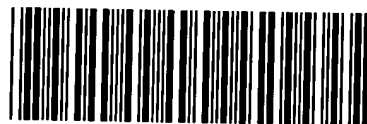


Company Registration No. 07844719 (England and Wales)

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

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COMPANIES HOUSE

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

COMPANY INFORMATION

Directors	Mr R J Livingstone Mr R N Luck
Secretary	Mr R N Luck
Company number	07844719
Registered office	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

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SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their annual report and audited financial statements for the year ended 31 October 2016.

Principal activities

The principal activity of the company continued to be that of property investment company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R J Livingstone

Mr R N Luck

Results, dividends and future developments

The results for the year are set out on page 5.

The company made a profit of £1,461,842 (2015: £617,369) for the year to 31 October 2016. Net assets were £2,001,334 at the year end (2015: £539,491). The directors consider the financial position and future prospects at 31 October 2016 to be satisfactory.

The directors do not recommend the payment of a dividend (2015: £nil).

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Independent Auditors

The Independent Auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure of information to Auditors

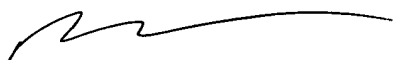
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet event

On 12 May 2017 the company sold its investment property for £12,000,000 and repaid its bank loan and loans from group undertakings and the loan from the minority shareholder.

The report has been prepared in accordance with the special provisions relating to companies subject to the small companies exemption within Part 15 of the Companies Act 2006 and the company is therefore exempt from the requirement to prepare a Strategic Report.

By order of the board



.....
Mr R N Luck

Secretary
.....

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2016

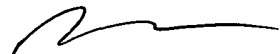
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements

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.

By order of the board



.....
Mr R N Luck
Secretary
.....

SRE PROPERTIES (WESTBOURNE) GROVE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SRE PROPERTIES (WESTBOURNE) GROVE LIMITED

Report on the financial statements

Our opinion

In our opinion, SRE Properties (Westbourne) Grove Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

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

- the balance sheet as at 31 October 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

SRE PROPERTIES (WESTBOURNE) GROVE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SRE PROPERTIES (WESTBOURNE) GROVE LIMITED

Entitlement to exemptions

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

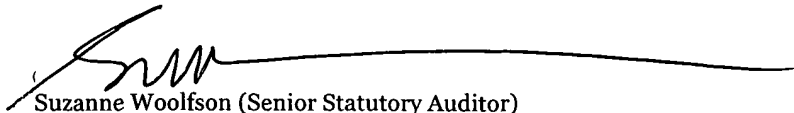
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16 June 2017

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	2015 £
Turnover		365,822	317,720
Administrative expenses		(55,400)	(15,999)
Fair value gains and losses on investment properties		2,083,072	1,150,545
Other operating income		68,861	-
Operating profit	3	2,462,355	1,452,266
Interest payable and similar charges	5	(638,513)	(626,897)
Profit on ordinary activities before taxation		1,823,842	825,369
Tax on profit on ordinary activities	6	(362,000)	(208,000)
Profit for the financial year		1,461,842	617,369
Other comprehensive income		-	-
Total comprehensive income for the financial year		1,461,842	617,369

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

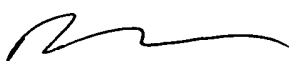
SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

BALANCE SHEET

AS AT 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investment properties	7	12,000,000		9,900,000	
Current assets					
Debtors	8	42,557		14,632	
Cash at bank and in hand		230,361		89,456	
		272,918		104,088	
Creditors: amounts falling due within one year	9	(4,185,287)		(4,240,204)	
Net current liabilities		(3,912,369)		(4,136,116)	
Total assets less current liabilities		8,087,631		5,763,884	
Creditors: amounts falling due after more than one year	10	(5,485,297)		(4,985,393)	
Provisions for liabilities	12	(601,000)		(239,000)	
Net assets		2,001,334		539,491	
Capital and reserves					
Called up share capital	14	1,000		1,000	
Retained earnings		2,000,334		538,491	
Total equity		2,001,334		539,491	

The financial statements were approved by the board of directors and authorised for issue on 16/6/17 and are signed on its behalf by:



Mr R N Luck
Director

Company Registration No. 07844719

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2016

	Called up share capital £	Revaluation reserve £	Retained earnings £	Total £
Balance at 1 November 2014	1,000	487,595	(535,473)	(46,878)
Effect of transition to FRS 102	-	(487,595)	456,595	(31,000)
Balance at 1 November 2014	1,000	-	(78,878)	(77,878)
Profit and total comprehensive income for the financial year	-	-	617,369	617,369
Balance at 31 October 2015	1,000	-	538,491	539,491
Profit and total comprehensive income for the financial year	-	-	1,461,842	1,461,842
Balance at 31 October 2016	1,000	-	2,000,334	2,001,334

Included within retained earnings is £3,120,212 (2015: £1,399,140) relating to investment property revaluations and associated deferred tax which is non-distributable.

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

General information

SRE Properties (Westbourne Grove) Limited is a company limited by shares incorporated in England and Wales. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

1.1 Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

1.2 Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in accordance with applicable accounting standards, under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements for the year ended 31 October 2016 are the first financial statements of SRE Properties (Westbourne Grove) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 16.

1.3 Exemptions for qualifying entities under FRS 102

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of SREP Holdings Limited. These consolidated financial statements are available from its registered office, Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.4 Turnover

Turnover represents rental income and recoverable property expenses, net of value added tax. Rental income is recognised over the term of the lease on a straight-line basis. The total turnover of the company for the period has been derived from its principal activity, wholly undertaken in the UK.

Deferred income

Income from properties is allocated in the year to which it relates, with payments received in advance held as deferred income and credited to the profit and loss when earned.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible assets.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Investment properties

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

Recoverability of trade debtors

The company makes an estimate of the recoverable value of its trade debtors. When carrying out the assessment directors consider factors including the aging profile of the debtors, historic experience and performance of debtors business.

3 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditors for the audit of the company's financial statements	3,350	3,250

4 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the company (2015: £nil). The company has no employees other than the directors (2015:nil).

5 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and loans	138,608	154,314
Amortisation of finance costs	-	19,356
Interest payable to group undertakings	451,896	409,692
Other interest	48,009	43,535
	638,513	626,897

6 Tax on profit on ordinary activities

	2016 £	2015 £
Deferred tax		
Origination and reversal of timing differences	362,000	208,000

Factors affecting tax charge for the year

From 1 April 2015 the rate of corporation tax has reduced from 21% to 20%, giving a blended average rate for the comparative year of 20.42%. The rate of corporation tax for the year ended 31 October 2016 is 20%.

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

6 Tax on profit on ordinary activities

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit for the year and the standard rate of tax as follows:

	2016 £	2015 £
Profit on ordinary activities before taxation	1,823,842	825,369
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.42%)	364,768	168,540
Tax effect of expenses that are not deductible in determining taxable profit	37,281	28,532
Tax effect of income not taxable in determining taxable profit	(416,614)	(234,941)
Surrender of tax losses	28,644	37,869
Deferred tax on investment properties	362,000	208,000
Tax effect of capital allowances	(14,079)	-
Tax expense for the year	362,000	208,000

The company surrendered the benefit of tax losses to fellow subsidiary undertakings amounting to £143,220 (2015:£185,450). No payment was received for this surrender.

Factors that may affect future tax charges

Changes to the UK corporation tax rates were announced in the Chancellor's Budget in July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date the effects are not included in these financial statements.

7 Investment properties

	2016 £
Fair value	
At 1 November 2015	9,900,000
Additions	16,928
Net gains or losses through fair value adjustments	2,083,072
At 31 October 2016	12,000,000

At 31 October 2016, the investment property was valued by the directors after taking independent advice from a professional valuer on an open market value basis. The valuation has been made in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

7 Investment properties

(Continued)

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2016 £	2015 £
Cost	8,278,788	8,261,860

8 Debtors

	2016	2015
Trade debtors	42,556	10,187
Amounts due from related parties	-	4,444
Other debtors	1	1
	42,557	14,632

Other debtors relate to unpaid share capital of £1 (2015: £1).

9 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	3,925,000	3,950,000
Trade creditors	43,039	105,016
Amounts due to fellow group undertakings	169,016	105,652
Amounts due to related parties	1,428	-
Other taxation and social security	15,738	1,477
Accruals and deferred income	31,066	78,059
	4,185,287	4,240,204

Amounts due to fellow group undertakings and related parties are interest free, repayable on demand and unsecured.

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

10 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Amounts due to fellow group undertakings	4,958,505	4,506,610
Other creditors	526,792	478,783
	<u>5,485,297</u>	<u>4,985,393</u>

The amounts due to fellow group undertakings and other creditors bear interest at 10%, are unsecured and are repayable at the earliest date on which either of the following events occur: a) the company has sold or otherwise transferred all or substantially all of its investment property or b) the shareholders of the company have sold all of the issued shares in the company. Other creditors represents a loan from the minority shareholder.

11 Bank loans and overdrafts

	2016 £	2015 £
Bank loans	<u>3,925,000</u>	<u>3,950,000</u>
Payable within one year	<u>3,925,000</u>	<u>3,950,000</u>

Bank loans are secured by fixed charges over the investment property of the company. The loan is repayable by a bullet in September 2017. It bears interest at a margin of 2.75% over LIBOR (reduced from 3.25% from 29 January 2016).

12 Provisions for liabilities

	2016 £	2015 £
Deferred tax liabilities	601,000	239,000
	<u>601,000</u>	<u>239,000</u>

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Investment property	<u>601,000</u>	<u>239,000</u>

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

13 Deferred taxation (Continued)

	2016 £
Movements in the year:	
Liability at 1 November 2015	239,000
Charge to profit or loss	362,000
Liability at 31 October 2016	<u>601,000</u>

14 Called up share capital

	2016 £	2015 £
Ordinary share capital		
Authorised		
1,000 (2015: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
1,000 (2015: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

15 Controlling party

The immediate parent undertaking is SRE Hotels Holdings Sarl, a company incorporated and registered in Luxembourg.

The ultimate parent undertaking is SREP Holdings Limited, a company incorporated in England & Wales.

SREP Holdings Limited is the smallest and largest group of undertakings to consolidate these financial statements as at 31 October 2016. The consolidated financial statements of SREP Holdings Limited can be obtained from the company secretary at:

Quadrant House
Floor 6
4 Thomas More Square
London
E1W 1YW

The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of SREP Holdings Limited.

16 Reconciliations on adoption of FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 October 2015. The date of transition to FRS 102 was 1 November 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 October 2015 and the total equity as at 1 November 2014 and 31 October 2015 between UK GAAP as previously reported and FRS 102.

SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

16 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of equity

		1 November 2014 £	31 October 2015 £
Equity as reported under previous UK GAAP		(46,878)	778,491
<i>Adjustments arising from transition to FRS 102:</i>			
Investment properties	1	-	-
Deferred taxation	2	(31,000)	(239,000)
		-	-
Equity reported under FRS 102		<u>(77,878)</u>	<u>539,491</u>

Reconciliation of profit or loss

			2015 £
Loss as reported under previous UK GAAP			(325,176)
<i>Adjustments arising from transition to FRS 102:</i>			
Investment properties	1		1,150,545
Deferred taxation	2		(208,000)
Profit reported under FRS 102			<u>617,369</u>

Notes to reconciliations on adoption of FRS 102

1. Investment properties

FRS 102 requires the changes in the fair values of investment properties be recognized in profit or loss for the period. Under previous UK GAAP these changes were recognized outside of profit or loss and presented separately in a revaluation reserve. This change has decreased the reported loss for the year ended 31 October 2015 by £1,150,545 but has not affected the measurement of investment property on the balance sheet.

2. Deferred taxation

Under previous UK GAAP the company was not required to provide for taxation on revaluation of investment properties, unless the company had entered into a binding sales agreement. Under FRS 102 deferred taxation is provided on the temporary difference arising from revaluations. A deferred tax charge of £31,000 arose on transition to FRS 102 and was recognized on the transition date. A further deferred tax charge of £208,000 was recognized in the comparative year to 31 October 2015. The net effect from the recognition of deferred taxation on the net assets position reported at 31 October 2015 was a decrease of £239,000.