

**SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2017**



# **SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

## **COMPANY INFORMATION**

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

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# **SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

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# **SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2017**

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The directors present their annual report and audited financial statements for the year ended 31 October 2017.

### **Principal activities**

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

### **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 7. During the year the company sold its sole investment property for £12.0 million.

The company made a loss of £230,087 (2016: profit of £1,461,842) for the year to 31 October 2017. Net liabilities were £2,956 at the year end (2016: net assets of £2,001,334). The directors consider the financial position and future prospects at 31 October 2017 to be satisfactory.

A dividend of £1,774,204 (2016: £nil) was paid. The directors do not recommend payment of a further dividend.

### **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.

### **Going concern**

The company is reliant on SRE Portfolios UK Limited for financial support. The financial statements have been prepared on a going concern basis, which assumes the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the on-going support of SRE Portfolios UK Limited. Having made the relevant enquiries, the directors consider it appropriate to prepare the financial statements on a going concern basis.

### **Small companies exemption**

The Directors' Report has been prepared in accordance with the special provisions relating to small companies within s414B of the Companies Act 2006 and the company is therefore exempt from the requirement to prepare a Strategic Report.


# **SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 OCTOBER 2017**

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On behalf of the board

  
MR R N LUCK

Director

25 May 2018

# **SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 OCTOBER 2017**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors 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.

On behalf of the board



MR R. N. LUCK

Director

25 May 2018

# **SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

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

### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 October 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 October 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

# **SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

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#### **Reporting on other information (continued)**

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### ***Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 October 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### ***Responsibilities of the directors for the financial statements***

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

##### ***Auditors' 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 auditors' 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 auditors' report.

##### ***Use of this report***

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.



# **SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

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#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

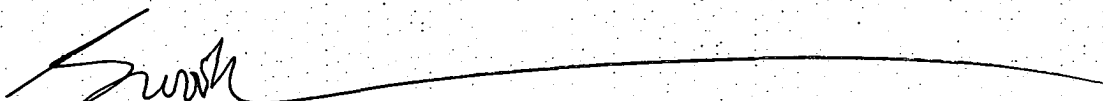
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: 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.



Suzanne Woolfson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
25 May 2018

# SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	2017 £	2016 £
Turnover	3	113,167	369,811
Cost of sales		(32,215)	(5,907)
<b>Gross profit</b>		<b>80,952</b>	<b>363,904</b>
Administrative expenses		(90,898)	(53,482)
Fair value gains on investment properties		-	2,083,072
Other operating income		7,885	68,861
Loss on disposal of investment property		(176,070)	-
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(178,131)</b>	<b>2,462,355</b>
Interest receivable and similar income	6	12	-
Interest payable and similar expenses	7	(362,534)	(638,513)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(540,653)</b>	<b>1,823,842</b>
Tax on (loss)/profit on ordinary activities	8	310,566	(362,000)
<b>(Loss)/profit for the financial year</b>		<b>(230,087)</b>	<b>1,461,842</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (expense)/income for the financial year</b>		<b>(230,087)</b>	<b>1,461,842</b>

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 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Investment properties	10		-	12,000,000	
<b>Current assets</b>					
Debtors	11	100,111		42,557	
Cash at bank and in hand		225,809		230,361	
		325,920		272,918	
<b>Creditors: amounts falling due within one year</b>	12	(328,876)		(4,185,287)	
<b>Net current liabilities</b>			(2,956)	(3,912,369)	
<b>Total assets less current liabilities</b>			(2,956)	8,087,631	
<b>Creditors: amounts falling due after more than one year</b>	13		-	(5,485,297)	
<b>Provisions for liabilities</b>	15		-	(601,000)	
<b>Net (liabilities)/assets</b>			(2,956)	2,001,334	
<b>Capital and reserves</b>					
Called up share capital	17		1,000	1,000	
Retained (deficit)/earnings			(3,956)	2,000,334	
<b>Total equity</b>			(2,956)	2,001,334	

The financial statements were approved by the board of directors and authorised for issue on 25 May 2018 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 2017

	Called up share capital £	Retained (deficit)/ earnings £	Total £
<b>Balance at 1 November 2015</b>	1,000	538,492	539,492
Profit and total comprehensive income for the financial year	-	1,461,842	1,461,842
<b>Balance at 31 October 2016</b>	1,000	2,000,334	2,001,334
Profit and total comprehensive income for the financial year	-	(230,087)	(230,087)
Dividends	9	(1,774,203)	(1,774,203)
<b>Balance at 31 October 2017</b>	1,000	(3,956)	(2,956)

# **SRE PROPERTIES (WESTBOURNE GROVE) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2017**

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### **1 Accounting policies**

#### **General information**

SRE Properties (Westbourne Grove) Limited is a private 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 £.

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.

#### **1.3 Going concern**

The company is reliant on SRE Portfolios UK Limited for financial support. The financial statements have been prepared on a going concern basis, which assumes the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the on-going support of SRE Portfolios UK Limited. Having made the relevant enquiries, the directors consider it appropriate to prepare the financial statements on a going concern basis.

# SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

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### 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 balance sheet 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 2017

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#### 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 payments 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 2017

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### 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.

#### **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.

##### **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.



# SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2017

#### 3 Turnover

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Turnover</b>		
Rental income	96,743	362,554
Recoverable property expenses	16,424	7,257
Turnover	113,167	369,811
Net property outgoings	(15,790)	1,350
Recoverable property expenses	(16,425)	(7,257)
Property outgoings	(32,215)	(5,907)
Net rental income	80,952	363,904

#### 4 Operating (loss)/profit

	2017 £	2016 £
Operating (loss)/profit for the year is stated after charging:		
Fees payable to the company's auditors for the audit of the company's financial statements	3,498	3,350
Loss on disposal of investment property	176,070	-

#### 5 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the company (2016: £nil). The company has no employees other than the directors (2016:nil).

#### 6 Interest receivable and similar income

	2017 £	2016 £
Interest on bank deposits	12	-

#### 7 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	64,973	138,608
Interest payable to group undertakings	268,982	451,896
Other interest	28,579	48,009
	362,534	638,513

# SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2017

#### 8 Tax on (loss)/profit on ordinary activities

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current year	290,434	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(601,000)	362,000
<b>Total tax (credit)/charge</b>	<b>(310,566)</b>	<b>362,000</b>

#### Factors affecting tax charge for the year

From 1 April 2017 the rate of corporation tax has reduced from 20% to 19%, giving a blended average rate for the current year of 19.42%. The rate of corporation tax for the year ended 31 October 2016 was 20%.

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
(Loss)/profit on ordinary activities before taxation	(540,653)	1,823,842
Expected tax charge based on the blended/standard rate of corporation tax in the UK of 19.42% (2016: 20.00%)	(104,995)	364,768
Tax effect of expenses that are not deductible in determining taxable profit	27,598	37,281
Tax effect of income not taxable in determining taxable profit	-	(416,614)
Surrender of tax losses	-	28,644
Deferred tax on investment properties	(601,000)	362,000
Tax effect of capital allowances	(130,061)	(14,079)
Tax effect for tax on sale of investment property	497,892	-
<b>Tax (credit)/charge for the year</b>	<b>(310,566)</b>	<b>362,000</b>

#### Factors that may affect future tax charges

With effect from 1 April 2020 the UK corporation tax rate will be reduced to 17%. This change, which was announced in the March 2015 budget and affirmed in the March 2016 budget, will have no significant impact on these financial statements.

#### 9 Dividends

	2017 £	2016 £
Interim paid	1,774,203	-

# SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

### 10 Investment properties

	£
<b>Fair value</b>	
At 1 November 2016	12,000,000
Additions	23,273
Disposals	(12,023,273)
	<u>          </u>
At 31 October 2017	-
	<u>          </u>

### 11 Debtors

	2017 £	2016 £
Trade debtors	1	42,556
Other debtors	100,110	1
	<u>          </u>	<u>          </u>
	100,111	42,557
	<u>          </u>	<u>          </u>

Other debtors relate to unpaid share capital of £1 (2016: £1).

### 12 Creditors: amounts falling due within one year

	Note	2017 £	2016 £
Bank loans and overdrafts	14	-	3,925,000
Trade creditors		25,608	43,039
Amounts due to fellow group undertakings		-	169,016
Amounts due to related parties		5,152	1,428
Corporation tax		290,434	-
Other taxation and social security		-	15,738
Accruals and deferred income		7,682	31,066
		<u>          </u>	<u>          </u>
		328,876	4,185,287
		<u>          </u>	<u>          </u>

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 2017

#### 13 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Amounts due to group undertakings	-	4,958,505
Other creditors	-	526,792
	<u>-</u>	<u>5,485,297</u>

The amounts due to fellow group undertakings and other creditors bore interest at 10%, were unsecured and were 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 represented a loan from the minority shareholder.

Following the disposal of the investment property in May 2017 the amounts due to fellow group undertakings and other creditors were repaid in full out of the net sale proceeds.

#### 14 Bank loans and overdrafts

	2017 £	2016 £
Bank loans	-	3,925,000
	<u>-</u>	<u>3,925,000</u>
Payable within one year	-	3,925,000
	<u>-</u>	<u>3,925,000</u>

Bank loans are secured by fixed charges over the investment property of the company. The loan was repayable by a bullet in September 2017. It bore interest at a margin of 2.75% over LIBOR. It was repaid early out of the net sale proceeds from the disposal of the company's investment property.

#### 15 Provisions for liabilities

	Note	2017 £	2016 £
Deferred tax liabilities	16	-	601,000
		<u>-</u>	<u>601,000</u>

#### 16 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 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Investment property	-	601,000
	<u>-</u>	<u>601,000</u>

# SRE PROPERTIES (WESTBOURNE GROVE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

### 16 Deferred taxation

(Continued)

<b>Movements in the year:</b>	<b>£</b>
Liability at 1 November 2016	601,000
Transfer on disposal	(601,000)
	<u>          </u>
Liability at 31 October 2017	-
	<u>          </u>

### 17 Called up share capital

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Authorised</b>		
1,000 (2016: 1,000) ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<b>Issued and fully paid</b>		
1,000 (2016: 1,000) ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>

### 18 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 2017. 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.