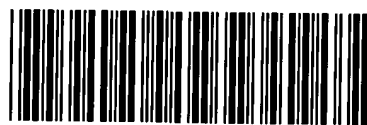


Financial Statements

Ortona Properties Limited

For the Year Ended 31 December 2016

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COMPANIES HOUSE

Registered number: 07999907

Ortona Properties Limited

Company Information

Directors	S G S Allen E J Brundle D K Burch S M Dawson D J Hupton
Company secretary	S G S Allen
Registered number	07999907
Registered office	55 Colegate Norwich Norfolk NR3 1DD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Kingfisher House 1 Gilders Way St James Place Norwich Norfolk NR3 1UB

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Directors' Report

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

The principal activity of the company is that of holding a portfolio of residential and commercial properties.

Directors

The directors who served during the year were:

S G S Allen
E J Brundle
D K Burch
S M Dawson
D J Hupton

Directors' responsibilities statement

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditor

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

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

Ortona Properties Limited

Directors' Report (continued)

For the Year Ended 31 December 2016

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small Companies Exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



S G S Allen
Director

Date: 20/3/2017



Independent Auditor's Report to the Member of Ortona Properties Limited

We have audited the financial statements of Ortona Properties Limited for the year ended 31 December 2016, which comprise the Statement of comprehensive income, the Statement of financial position and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter 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 for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.



Independent Auditor's Report to the Member of Ortona Properties Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' Report..

A handwritten signature in black ink, appearing to read "Anders Rasmussen".

Anders Rasmussen (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Norwich
Date: 24/3/2017

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover		1,118,949	1,035,520
Administrative expenses		(337,649)	(443,583)
Operating profit		781,300	591,937
Interest payable	5	(454,159)	(425,775)
Fair value movement on investment properties		941,051	644,431
Profit before tax		1,268,192	810,593
Tax on profit		(195,204)	(75,166)
Profit for the year		1,072,988	735,427

There was no other comprehensive income for 2016 (2015: £NIL).

The notes on pages 7 to 14 form part of these financial statements.

Statement of Financial Position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	6	170,000	170,000
Investment property	7	16,768,007	15,308,643
		<u>16,938,007</u>	<u>15,478,643</u>
Current assets			
Debtors: amounts falling due within one year	8	143,980	79,488
Cash at bank and in hand	9	510,811	135,378
		<u>654,791</u>	<u>214,866</u>
Creditors: amounts falling due within one year	10	(14,607,923)	(13,911,489)
Net current liabilities		<u>(13,953,132)</u>	<u>(13,696,623)</u>
Total assets less current liabilities		<u>2,984,875</u>	<u>1,782,020</u>
Provisions for liabilities			
Deferred tax		(363,020)	(233,153)
Net assets		<u><u>2,621,855</u></u>	<u><u>1,548,867</u></u>
Capital and reserves			
Called up share capital		1	1
Fair value reserve		2,270,902	1,329,851
Profit and loss account		350,952	219,015
		<u><u>2,621,855</u></u>	<u><u>1,548,867</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of Companies Act 2006 and in accordance with the provisions of FRS 102 Section 1 A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



S G S Allen
Director

Date: 20/3/2017

The notes on pages 7 to 14 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1. General information

Ortona Limited is a private company, limited by shares, incorporated in England and Wales, registration number 07999907. The registered office is 55 Colegate, Norwich, Norfolk, NR3 1DD.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 section 1A - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland for smaller entities' ('FRS102 1A'), and with the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 13.

The following principal accounting policies have been applied:

2.2 Going concern

The company and group of which it is part has considerable financial resources and continues to trade profitably in the current financial year. The net current liabilities are caused by amounts owed to the group and these will not be demanded by the group until the company is in a position to pay. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. Accordingly, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rent is deemed to be receivable over the period for which a tenant occupies a property.

2.4 Tangible fixed assets and depreciation

Non-investment freehold land and buildings are stated at cost and are not depreciated. This treatment, as regards the company's properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, in the opinion of the directors, depreciation of freehold buildings is inappropriate for general application. It is the company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and, accordingly, the directors consider that the lives of those assets are so long and residual values are so high that their depreciation is insignificant. Any impairment loss on freehold buildings, resulting from physical damage or deterioration, is charged to the Statement of Comprehensive Income.

Impairment reviews are carried out to ensure the carrying value can be supported.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

Any fair value movement is transferred to fair value reserve. Where any decline in value below costs is considered to be permanent, the deficit is not transferred to the fair value reserve.

This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors..

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.9 Creditors

Short term creditors are measured at the transaction price.

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £2,900 (2015 - £2,610)

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2015 - £NIL).

Key management is considered to comprise the directors of the company. This assessment has been made having regard to the nature of the group, its size and basis of operation.

5. Interest payable

	2016 £	2015 £
Loans from group undertakings	454,159	425,775

Notes to the Financial Statements

For the Year Ended 31 December 2016

6. Tangible fixed assets

	Freehold property £
Cost or valuation	
At 1 January 2016	170,000
At 31 December 2016	170,000
Depreciation	
At 31 December 2016	-
Net book value	
At 31 December 2016	170,000
At 31 December 2015	170,000

Notes to the Financial Statements

For the Year Ended 31 December 2016

7. Investment property

	Freehold investment property £
Valuation	
At 1 January 2016	15,308,643
Additions at cost	1,029,313
Disposals	(511,000)
Fair value movement	941,051
At 31 December 2016	16,768,007

The 2016 valuations were made by Mr D K Burch, a director of the company and member of the Royal Institute of Chartered Surveyors (RICS), on fair value basis.

The open market value of the company's residential property portfolio was assessed based on Land Registry data or local agent's particulars for sales values for similar properties where available. The commercial investment properties were based on external valuations or comparable property values where available. In all other cases the CBRE index was used to assess the change in the capital value of investment properties.

The historic cost of the revalued assets in this company is £14,455,849 (2015 - £14,314,951).

A fellow group undertaking Ortona Management Limited holds bank loans which are secured by fixed charges over certain investment properties held by Ortona Properties Limited.

8. Debtors

	2016 £	2015 £
Trade debtors	58,978	68,884
Amounts owed by group undertakings	19,568	9,568
Other debtors	2,342	1,036
Prepayments and accrued income	63,092	-
	143,980	79,488

9. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	510,811	135,378

Notes to the Financial Statements

For the Year Ended 31 December 2016

10. Creditors: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	14,275,186	13,693,120
Corporation tax	68,421	12,033
Other taxation and social security	4,508	2,179
Other creditors	259,808	204,157
	<u>14,607,923</u>	<u>13,911,489</u>

The amounts owed to group undertakings are repayable on demand and formal agreements are in place upon which interest is paid at 2.75% above LIBOR.

11. Contingent liabilities

A cross guarantee dated 25 June 2012 is held by the company's bankers between Ortona Limited, Ortona Management Limited, Ortona Properties Limited and Ortona Investments Limited. As at 31 December 2015, total group borrowings with the bank totalled £2,038,197 (2015 - £1,567,975).

12. Controlling party

The immediate and ultimate parent undertaking of the company is Ortona Limited, a company registered in England and Wales. Ortona Limited prepares consolidated financial statements in which the results of Ortona Properties Limited are included. These consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.

The company was under the control of the directors throughout the period by virtue of their controlling interest in the share of the ultimate parent undertaking, Ortona Limited.

Notes to the Financial Statements

For the Year Ended 31 December 2016

13. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2015. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 January 2015

Equity at 1 January 2015 under previous UK GAAP	£ 983,026
Deferred tax on investment properties	(169,586)
Equity shareholders funds at 1 January 2015 under FRS 102	813,440

Reconciliation of equity at 31 December 2015

Equity at 31 December 2015 under previous UK GAAP	£ 1,782,020
Deferred tax on investment properties	(233,153)
Equity shareholders funds at 31 December 2015 under FRS 102	1,548,867

Reconciliation of profit and loss account for the year ended 31 December 2015

Profit for the year under previous UK GAAP	£ 129,563
Movement on deferred tax	(63,567)
Fair value movement on investment property	669,431
Profit for the year ended 31 December 2015 under FRS 102	735,427

The following were changes in accounting policies arising from the transition to FRS 102:

1 Revaluation of investment properties:

Under previous UK GAAP the company had a policy of revaluing land and buildings held as investment properties to the open market value. On transition to FRS 102 this policy has continued although the valuations are now at fair value. The directors have concluded that there is no material difference between open market value and fair value. Accordingly there is no change to historic values recorded. The movement in such values from one period to the next is now reported as part of operating profit - previously it was shown as a movement in the statement of total recognised gains and losses.

2 Deferred taxation:

Under previous UK GAAP the company was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected on to arise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation. A deferred tax provision of £169,586 arose on the transition to FRS 102.