

Oxford SJM Financing Limited

Annual Report and Financial Statements

For the year ended 31 December 2018

Company registration no. 08523447



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DIRECTORS, ADVISORS AND OTHER INFORMATION

DIRECTORS

During the year and up to the date of signing the financial statements, the Directors were as follows:

Mrs A J Lambert
Mr C P Carter Keall
Mr G E Smart

ADMINISTRATOR

Crestbridge UK Limited
8 Sackville Street
London
W1S 3DG

SECRETARY

Crestbridge UK Limited
8 Sackville Street
London
W1S 3DG

BANKERS

Lloyds Bank Plc.
25 Gresham Street
London
EC2V 7HN

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

REGISTERED OFFICE

Crestbridge UK Limited
8 Sackville Street
London
W1S 3DG

COMPANY NO.

08523447

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements (the "financial statements") of Oxford SJM Financing Limited (the "Company") for the year ended 31 December 2018.

INCORPORATION AND PRINCIPAL ACTIVITIES

The Company was originally incorporated on 10 May 2013, as a Company under the Companies Act 2006. The principal activity of the Company is the provision of financing to underlying Limited Partnerships.

RESULTS AND DIVIDENDS

The results for the year are included on page 8. No dividends were declared or paid in the year ended 31 December 2018 (2017: £nil).

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, International Financial Reporting Interpretations Committee ('IFRIC') interpretations and in accordance with the requirements of the Companies Act 2006.

DIRECTORS

The Directors of the Company during the year and at the date of the report were:

A J Lambert
C P Carter Keall
G E Smart

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the year and is currently in force. The Company also maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial annual report in accordance with IFRS as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. 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.

FUTURE DEVELOPMENTS

The Directors expect the current level of activity to continue into the foreseeable future.

CAPITAL AND FINANCIAL RISK MANAGEMENT

The Directors define its capital to include share capital.

The Directors objectives when managing capital are as follows:

- to safeguard the Company's ability to continue as a going concern,
- to provide appropriate investment returns to its shareholders, and
- to maintain financial strength in order to preserve its ability to meet financial obligations.

The Directors' approach to financial risk management is outlined in Note 13 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

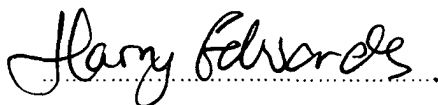
In preparing this report, the Directors have taken advantage of the small companies exemption provided by Section 415A of the Companies Act 2006.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP were appointed as the independent auditors to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put forward at a General Meeting.

SECRETARY

The Secretary of the Company who has been Secretary for the whole year under review and up to the date of this report was Crestbridge UK Limited.



By order of Crestbridge UK Limited

Approved by the Board of Directors and signed by order of the Board

Secretary

Date: 26 April 2019

Registered Office
8 Sackville Street
London
W1S 3DG

Independent auditors' report to the partners of Oxford SJM Financing Limited

Report on the audit of the financial statements

Opinion

In our opinion, Oxford SJM Financing Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFORD SJM FINANCING LIMITED

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 December 2018 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 Statement of Directors' Responsibilities 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. 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.

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 take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

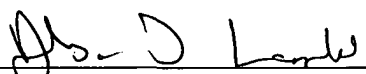


Saira Choudhry (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2019

STATEMENT OF FINANCIAL POSITION
As at 31 December

	Note	2018 £	2017 £
ASSETS			
Non-current assets			
Investments in associates	5	3,000,010	3,000,010
Loans receivable from related parties	6	44,963,838	45,598,838
Deferred tax asset	11	64,498	-
		<u>48,028,346</u>	<u>48,598,848</u>
Current assets			
Loans receivable from related parties	6	235,036	235,036
Trade and other receivables	7	2,000	-
Cash and cash equivalents		30,204	70,916
		<u>267,240</u>	<u>305,952</u>
TOTAL ASSETS		<u><u>48,295,586</u></u>	<u><u>48,904,800</u></u>
LIABILITIES & EQUITY			
LIABILITIES			
Non-current liabilities			
Borrowings	8	49,914,086	49,865,270
		<u>49,914,086</u>	<u>49,865,270</u>
Current liabilities			
Interest payable on borrowings	8	71,540	56,919
Trade and other payables	9	30,471	37,441
Income tax liabilities	11	82,932	-
		<u>184,943</u>	<u>94,360</u>
TOTAL LIABILITIES		<u><u>50,099,029</u></u>	<u><u>49,959,630</u></u>
EQUITY			
Share capital	12	9,604,500	9,604,500
Accumulated losses		<u>(11,407,943)</u>	<u>(10,659,330)</u>
TOTAL EQUITY		<u><u>(1,803,443)</u></u>	<u><u>(1,054,830)</u></u>
TOTAL LIABILITIES AND EQUITY		<u><u>48,295,586</u></u>	<u><u>48,904,800</u></u>

The financial statements on pages 7 to 19 were approved and authorised for issue by the Board of Directors on 26 April 2019 and were signed on its behalf by:


Director
ALISON LAMBERT

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December

	Note	2018 £	2017 £
INCOME			
Interest income	6	<u>33,030</u>	<u>10,369</u>
		33,030	10,369
EXPENSES			
Administration fees		(36,273)	(20,650)
Audit fees	10	(10,450)	(11,760)
Legal and professional fees		<u>(25,771)</u>	<u>(23,374)</u>
		(72,494)	(55,784)
FINANCE COSTS - NET			
Interest on borrowings	8	(633,868)	(1,079,634)
Amortisation of capitalised financing costs		(58,244)	(26,270)
Bank charges		(664)	(55)
Foreign exchange gain		<u>2,061</u>	<u>-</u>
		(690,715)	(1,105,959)
LOSS BEFORE INCOME TAX		<u>(730,179)</u>	<u>(1,151,374)</u>
Income tax expense	11	(18,434)	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(748,613)</u></u>	<u><u>(1,151,374)</u></u>

All items relate to continuing operations.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December

	Share Capital £	Accumulated losses £	Total Equity £
Balance as at 1 January 2018	9,604,500	(10,659,330)	(1,054,830)
Comprehensive loss			
Loss for the year	-	(748,613)	(748,613)
Balance as at 31 December 2018	<u>9,604,500</u>	<u>(11,407,943)</u>	<u>(1,803,443)</u>

	Share Capital £	Accumulated losses £	Total Equity £
Balance as at 1 January 2017	9,604,500	(9,507,956)	96,544
Comprehensive loss			
Loss for the year	-	(1,151,374)	(1,151,374)
Balance as at 31 December 2017	<u>9,604,500</u>	<u>(10,659,330)</u>	<u>(1,054,830)</u>

STATEMENT OF CASH FLOWS
For the year ended 31 December

	Note	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year before income tax		(730,179)	(1,151,374)
<i>Adjustments for:</i>			
Interest on borrowings		633,868	1,079,634
Interest earned on loans receivable		(33,030)	(10,369)
Amortisation of capitalised financing costs		58,244	26,270
OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL		(71,097)	(55,839)
Increase in trade and other receivables		(2,000)	-
(Decrease)/ increase in trade and other payables		(7,919)	28,374
NET CASH USED IN OPERATING ACTIVITIES		(81,016)	(27,465)
CASH FLOWS FROM INVESTING ACTIVITIES			
Issuance of loans receivable from related parties	6	-	(2,988,412)
Repayment of loans receivable from related parties	6	635,000	1,928,656
Interest received from related parties		33,979	10,626
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		668,979	(1,049,130)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing fees paid	8	(9,428)	(161,000)
Interest paid	8	(619,247)	(1,431,899)
Proceeds from borrowings	8	-	50,600,000
Repayment of borrowings	8	-	(47,861,588)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(628,675)	1,145,513
(Decrease)/increase in cash and cash equivalents		(40,712)	68,918
Cash and cash equivalents at the beginning of the year		70,916	1,998
Cash and cash equivalents at the end of the year		30,204	70,916

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December

1. GENERAL INFORMATION

Oxford SJM Financing Limited (the "Company") is a limited liability company whose principal place of business is at 8 Sackville Street, London, W1S 3DG and was incorporated as a Company under the Companies Act 2006 on 10 May 2013. The principal activity of the Company is the provision of financing to underlying Limited Partnerships.

These financial statements have been approved for issue by the Board of Directors on 26 April 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, International Financial Reporting Interpretations Committee ('IFRIC') interpretations and the requirements of the Companies Act 2006.

Statement of Comprehensive Income

The Company has elected to present a Statement of Comprehensive Income and presents its expenses by nature.

Statement of Comprehensive Cash Flows

The Company reports cash flows from operating activities using the indirect method. Interest paid is presented within financing cash flows.

Preparation of the financial statements

The financial statements have been prepared on a going concern basis, applying the historical cost convention.

In assessing whether the going concern basis of preparation is appropriate to adopt, the Directors have not identified events or conditions that may cast significant doubt on the Company's ability to be a going concern. The Partners recognise the net current liability position but have considered all sources of funding available to the Company in making their assessment.

New and amended standards adopted by the Company

The Company adopted the following new accounting standards, effective 1 January 2018. These standards were adopted in accordance with their respective transitional provisions as described below.

IFRS 9, Financial Instruments ("IFRS 9") supersedes IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") and uses a single simplified approach to determine how a financial asset should be classified and measured based on how an entity manages its financial assets in the context of its business model and the contractual cash flow characteristics of its financial assets. IFRS 9 introduces a new expected credit loss ("ECL") impairment model that replaces the incurred loss impairment model used in IAS 39. IFRS 9 also relaxes the requirements for hedge effectiveness by replacing the bright lines hedge effectiveness tests and allowing for better alignment with managements' risk management activities.

The Company adopted IFRS 9 retrospectively with no restatement of comparative period results. The adoption of the standard did not result in any material adjustment to the carrying amount of the Company's financial assets or liabilities.

The table below summarises the impact of IFRS 9 on the classification and measurement on the Company's financial assets and liabilities:

	IAS 39		IFRS 9
	Classification	Measurement	Classification / Measurement
Financial Assets			
Loans receivable from related parties	Loans and receivables	Amortised cost	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost	Amortised cost
Financial Liabilities			
Borrowings	Other liabilities	Amortised cost	Amortised cost
Trade and other payables	Other liabilities	Amortised cost	Amortised cost

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended standards not yet adopted

The new standard IFRS 16, Leases, that is issued and effective for accounting periods on or after 1 January 2019 is not applicable to the Company based on the nature and operations of the Company.

In June 2017, the IASB issued IFRIC Interpretation 23, "Uncertainty over Income Tax Treatments" ("IFRIC 23"). IFRIC 23 clarifies application of recognition and measurement requirements in IAS 12, "Income Taxes" ("IAS 12"), when there is uncertainty over income tax treatments, including whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The interpretation is applicable for financial years commencing on or after 1 January 2019. The Company is analysing the interpretation to determine the impact on the financial statements.

There are no other IFRS or IFRIC interpretations that are issued but not yet effective that are expected to have a material impact on the Company.

Foreign currency translation

Functional and presentation currency

The functional currency of the Company is Pound Sterling ("£"), which is the currency of the primary economic environment in which the Company operates. The reporting currency of the Company for accounting purposes is also Pound Sterling.

Investments in associates

Investments in associates are those investments over which the Company has significant influence but not control. The financial statements contain information about the Company as an individual entity. The Company has elected to prepare separate financial statements and is exempt from the requirement to prepare economic interest financial statements. In accordance with the exemption, investments in associates are recorded at cost.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturity dates of less than 90 days.

Financial instruments

Financial assets and liabilities are recognised when the Company first becomes a party to the contractual rights and obligations in the contract. Financial assets and liabilities are recognised initially at fair value, plus or minus, in the case of financial asset and liabilities carried at amortised cost, directly attributable transaction costs. Transaction costs of financial assets carried at fair value through profit and loss are expensed. Trade receivables that do not contain a significant financing component, as defined by IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), are measured at the transaction price. Subsequent measurement depends on the initial classification of the financial asset or financial liability.

The classification of financial assets depends on the entity's business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets are classified and subsequently measured based on three categories: (i) amortised cost (ii) fair value through other comprehensive income (FVOCI) with fair value gains or losses recycled to net income on de-recognition or (iii) fair value through profit and loss (FVTPL). Financial assets are recorded at amortised cost only when financial assets are held with the objective of collecting contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI) and are not designated as FVTPL. The Company does not hold any financial assets that are classified as FVOCI or FVTPL. Financial assets carried at amortised cost include cash and cash equivalents, loans receivable from related parties and trade and other receivables.

Financial liabilities are classified and subsequently measured at amortised cost, except for those that are derivative financial instruments or financial liabilities that are held for trading which are classified as FVTPL. The FVTPL option can also be irrevocably elected at initial recognition of financial liabilities: if it eliminates or significantly reduces an accounting mismatch; the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. Financial liabilities carried at amortised cost include trade and other payables and borrowings.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets and liabilities are classified as current assets and current liabilities if payment is due within 12 months, otherwise they are presented as non-current assets and liabilities.

Impairment of financial assets

At each reporting date, the Company assesses each financial asset measured at amortised cost for impairment using the ECL model.

Trade and other receivables

The impairment loss for trade and other receivable is determined using the simplified ECL model which calculates an impairment loss based on lifetime ECLs. ECLs are based on the difference in cash flows the Company expects to receive and the contractual cash flows due in accordance with the contract, discounted using the asset's original effective interest rate. In determining ECLs, the Company considers its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loans receivable from related parties

Financial assets are considered by management to be "low credit risk" when they have a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. The Company's loans receivable from related parties are considered to have low credit risk, and the loss allowance has been evaluated based on expected losses for a period of 12 months from the balance sheet date.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Income tax

Income tax expense comprises current and deferred income tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in equity.

The Company is subject to UK Income tax at an effective rate of 19% (2017: 19.25%) on its current profits. Refer to Note 11 for further details of the Company's taxation status.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the date of the consolidated Statement of Financial Position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on the Directors best knowledge of the events and amounts involved, actual results ultimately may differ from those estimates.

The Directors have made various assumptions in the preparation of these financial statements. The most significant judgements and estimates are included in Note 13 in relation to the fair value of the loans receivable from related parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December

4. RELATED UNDERTAKINGS

Related undertakings include, direct, and indirect, subsidiaries, joint ventures, associates and other significant holdings. All related undertakings incorporated in England have a registered office at 1 St. James's Market, London, SW1Y 4AH. All related undertakings incorporated in Jersey have a registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD.

The related direct undertakings of the Company are listed below.

Name of undertaking	Country of Incorporation	Share Class	% Held by Company
Oxford SJM Limited Partnership	England	n/a	49.95
Oxford SJM 2 Limited Partnership	England	n/a	49.95

The related indirect undertakings of the Company are listed below.

Name of undertaking	Country of Incorporation	Share Class	% Held by Group Companies
Oxford South Block Unit Trust	Jersey	n/a	99.83
Oxford Haymarket Unit Trust	Jersey	n/a	99.37
Oxford Regent Street Unit Trust	Jersey	n/a	99.66
St. James's Market Haymarket GP Limited	England	Ordinary	50
St. James's Market Regent Street GP Limited	England	Ordinary	50
St James's Market Development Limited	England	Ordinary	50
SJM Four (South Block) GP Limited	England	Ordinary	50
St. James's Market Haymarket Limited Partnership	England	n/a	50
St. James's Market Regent Street Limited Partnership	England	n/a	50
SJM Four (South Block) Limited Partnership	England	n/a	50
St James's Market Development (No. 2) Limited	England	Ordinary	50

During the year, Oxford North Block Unit Trust was dissolved.

5. INVESTMENTS IN ASSOCIATES

	2018 £	2017 £
Oxford SJM Limited Partnership	3,000,005	3,000,005
Oxford SJM 2 Limited Partnership	5	5
	<u>3,000,010</u>	<u>3,000,010</u>

During the year, the Company invested £nil (2017: £nil) in Oxford SJM Limited Partnership ("SJM LP") and £nil (2017: £nil) in Oxford SJM 2 Limited Partnership ("SJM 2 LP").

6. LOANS RECEIVABLE FROM RELATED PARTIES

	2018 £	2017 £
Non-current		
Oxford SJM 2 Limited Partnership (a)	42,210,462	42,845,462
Oxford Jersey Holdings Company Limited (b)	2,330,000	2,330,000
Oxford SJM 2 Limited Partnership (a)	<u>423,376</u>	<u>423,376</u>
Total non-current loans receivable	<u>44,963,838</u>	<u>45,598,838</u>
Current		
Oxford SJM Limited Partnership (c)	<u>235,036</u>	<u>235,036</u>
Total current loans receivable	<u>235,036</u>	<u>235,036</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December

6. LOANS RECEIVABLE FROM RELATED PARTIES (CONTINUED)

- a) On 20 December 2017, the Company refinanced an existing non-interest bearing loan arrangement with SJM 2 LP with a capacity of £44,774,118 and a maturity date of 14 November 2019. Following the refinancing, the non-interest bearing loan was extended to 19 December 2022 with a capacity of £49,774,118. During 2018, the Company made principal repayments of £635,000 (2017: £1,928,656).

On 7 July 2017, the Company entered into a non-interest bearing loan with SJM 2 LP for an amount of £423,376 which was fully drawn on that date. The maturity date of the loan is 17 July 2022.

- b) On 18 July 2017, the Company entered into an interest bearing loan with OJHCL for an initial amount of £1,200,000 with a total capacity of £6,200,000. The maturity date of the loan is 17 July 2020 and bears interest at 0.75% plus 3 month LIBOR. During 2018, the Company made loan advances of £nil (2017: £1,130,000). Interest income of £33,030 was earned during the year (2017: £10,369).
- c) On 25 November 2014, the Company entered into a non-interest bearing loan with SJM LP with a total capacity of £115,000,000. The maturity date of the loan was 11 September 2018 and has been changed to repayable on demand. During the year, loan advances to SJM LP totalled £Nil (2017: £235,036).

The loans receivable from SJM 2 LP are classified as Level 3 financial instruments (2017: Level 3) as certain of their inputs are based on unobservable market data. The Company has determined the fair value to be £35,798,435 (2017: £34,622,303). The fair value of the loans receivable are estimated based on the present value of future cash flows, discounted using a risk adjusted market rate of 4.24% (2017: 4.07%).

7. TRADE AND OTHER RECEIVABLES

	2018 £	2017 £
Prepayments	2,000	-
	<u>2,000</u>	<u>-</u>

8. BORROWINGS

	2018 £	2017 £
Non-current		
Bank loans (a)	50,000,000	50,000,000
Capitalised financing costs	(85,914)	(134,730)
Total borrowings	<u>49,914,086</u>	<u>49,865,270</u>
Interest payable on borrowings	<u>71,540</u>	<u>56,919</u>

- a) On 7 July 2017, the Company entered into a £50,000,000 interest bearing loan facility with the Canadian Imperial Bank of Commerce (CIBC). The loan facility matures on 6 July 2020. The Company incurred financing fees of £9,428 (2017: £161,000) which are being amortised over the term of the loan. The principal loan amount bears interest at 0.60% plus 3 month LIBOR.

The fair value of the CIBC facility approximates its carrying value.

9. TRADE AND OTHER PAYABLES

	2018 £	2017 £
Accrued costs	18,815	25,424
Accrued audit costs	10,450	11,760
Amounts payable to OJHCL	1,206	257
	<u>30,471</u>	<u>37,441</u>

The carrying value of trade and other payables approximates fair value due to their relatively short maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December

10. AUDIT FEES

During the year, the Company was charged audit fees of £10,450 (2017: £11,760) of which £10,450 (2017: £11,760) was outstanding at the year end. No non-audit services were provided.

11. INCOME TAXES

The Company is subject to UK Corporation Tax at a rate of 19% (2017: 19.25%). Deferred tax assets are only recognised to the extent that future taxable profits will be available against which the temporary differences can be utilised.

Income tax expense	2018 £	2017 £
Current tax expense	82,932	-
Deferred tax recovery	(64,498)	-
	<u>18,434</u>	<u>-</u>
	2018 £	2017 £
Loss before tax	(730,179)	(1,151,374)
UK corporation tax at 19% (2017: 19.25%)	(138,743)	(221,639)
Effects of:		
Non trading loan relationship deficits	(432,477)	-
Allocation of rental business profits	1,586,930	-
Brought forward losses set against property income	(962,221)	-
Management expenses relief	(31,990)	-
Group Relief	(9,285)	-
Adjustments in respect of prior years	70,711	-
Deferred tax not recognised	-	221,639
Deferred tax adjustment	(64,498)	-
Income tax expense	<u>(4,510,928)</u>	<u>-</u>
	2018 £	2017 £
Income tax liabilities		
Current tax		
Tax liability brought forward	-	-
Current income tax expense for the year	12,221	-
Adjustments in respect of prior years	70,711	-
Current tax liability at the end of the year	<u>82,932</u>	<u>-</u>
	2018 £	2017 £
Deferred tax		
Deferred tax asset brought forward	-	-
Deferred tax recovery for the year	(64,498)	-
Deferred tax recovery carried forward	<u>(64,498)</u>	<u>-</u>

The current income tax expense relates to income earned in the UK. The Company has tax losses arising during the current year of £730,179 (2017: £1,151,374). The deferred tax asset recognised in 2018 relates to temporary differences arising on carried forward losses which have yet to be utilised multiplied by the future UK Corporation tax rate of 17% in effect at 31 December 2018, which will apply from 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December

12. SHARE CAPITAL

	2018 £	2017 £
Authorised		
Unlimited ordinary shares of £1 each	9,604,500	9,604,500
Allotted, called up and fully paid		
Share capital	9,604,500	9,604,500

13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: liquidity risk, credit risk, market risk (including foreign exchange risk, cash flow and interest rate risk and other price risk). The financial risks relate to the following financial instruments: trade and other receivables, loans receivable from related parties, cash and cash equivalents, trade and other payables, and borrowings. The accounting policies with respect to these financial instruments are described in Note 2. The Company's risk management policies employed to manage these risks are discussed below.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit bank facilities. The risk is monitored quarterly by the Directors. The Company receives interest income from its immediate parent undertaking: OJHCL.

A summary table with the maturities of the financial assets and liabilities, presented below, is used by key management personnel to manage liquidity risks:

As at 31 December 2018	Up to 1 year £	1 to 2 years £	3 to 5 years £	Total £
Assets				
Current financial assets				
Cash and cash equivalents	30,204	-	-	30,204
Trade and other receivables	2,000	-	-	2,000
Loans receivable from related parties	235,036	-	-	235,036
	<u>267,240</u>	<u>-</u>	<u>-</u>	<u>267,240</u>
Non-current financial assets				
Loans receivable from related parties	-	2,330,000	42,633,838	44,963,838
	<u>-</u>	<u>2,330,000</u>	<u>42,633,838</u>	<u>44,963,838</u>
Liabilities				
Current financial liabilities				
Interest payable on borrowings	71,540	-	-	71,540
Trade and other payables	30,471	-	-	30,471
	<u>102,011</u>	<u>-</u>	<u>-</u>	<u>102,011</u>
Non-current financial liabilities				
Borrowings	-	50,000,000	-	50,000,000
	<u>-</u>	<u>50,000,000</u>	<u>-</u>	<u>50,000,000</u>
As at 31 December 2017	Up to 1 year £	1 to 2 years £	3 to 5 years £	Total £
Assets				
Current financial assets				
Cash and cash equivalents	70,916	-	-	70,916
Loans receivable from related parties	235,036	-	-	235,036
	<u>305,952</u>	<u>-</u>	<u>-</u>	<u>305,952</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December

13. FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Liquidity risk (continued)****Non-current financial assets**

Loans receivable from related parties	-	-	45,598,838	45,598,838
	-	-	45,598,838	45,598,838

Liabilities**Current financial liabilities**

Interest payable on borrowings	56,919	-	-	56,919
Trade and other payables	37,441	-	-	37,441
	94,360	-	-	94,360

Non-current financial liabilities

Borrowings	-	50,000,000	-	50,000,000
	-	50,000,000	-	50,000,000

(b) Credit risk

Credit risk is the risk that a counter party will be unable to meet a commitment that it has entered into with the Company.

The table below outlines the maximum exposure to credit risk in the Company.

	2018 £	2017 £
Loans receivable from related parties	45,198,874	45,833,874
Trade and other receivables	2,000	-

The Company's cash balances are held with the following entities and the Directors monitor the credit rating of these entities on an ongoing basis.

	Credit rating (Standard and Poor's)		2018 £	2017 £
	2018	2017		
Lloyds Bank plc	A+	A	30,204	70,916

There are no financial assets which are past due (2017: nil).

(c) Market risk

The Company's exposure to market risk is comprised of the following risks:

(i) Foreign exchange risk

As at the year end, the Company is not exposed to material foreign exchange risk, as the majority of the Company's transactions are in Pound Sterling which is the Company's functional and presentation currency. It is also the Company's policy not to enter into any currency hedging transactions.

(ii) Cash flow and interest rate risk

The Company has interest-bearing loans receivable from its parent company (Note 6). The loan bears interest at a variable rate of 75 basis points plus 3 month LIBOR. The rate is fixed between each interest payment date upon which it is updated for the foreseeable quarter. The income earned on the loan receivable is insufficient to generate profits. As such the Company is not dependent on its interest income in order to continue as a going concern and therefore the Company is not exposed to material interest rate risk. The Company's operating cash flows are substantially independent of changes in market interest rates. Trade receivables and payables are interest-free and have settlement dates within one year.

The Company's interest rate risk arises from long-term borrowings (Note 8). Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

(iii) Other price risk

The Company is not exposed to other price risk with respect to financial instruments as it does not hold any traded equity securities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December

13. FINANCIAL RISK MANAGEMENT (CONTINUED)**(d) Capital risk management**

When managing capital, the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company aims to deliver these objectives by aiming to achieve consistent returns from its assets, maintaining sufficient liquidity to meet the expenses of the Company and monitoring the lending to achieve the most effective cost of capital.

(e) Fair value measurements recognised in the Statement of Financial Position

IFRS 7 (*Financial Instruments: Disclosures*) requires disclosure of fair value measurements to be categorised in one of three levels. The three levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The Company's assets and liabilities were classified as follows:

31 December 2018	Level 1	Level 2	Level 3
Assets			
Loan receivable from related party	-	-	35,798,435
Liabilities			
Borrowings	-	-	50,000,000
31 December 2017	Level 1	Level 2	Level 3
Assets			
Loan receivable from related party	-	-	34,622,303
Liabilities			
Borrowings	-	-	50,000,000

There were no transfers between levels during the year. In the Director's opinion, the carrying amount of all the Company's other financial assets and liabilities at the reporting date represent a reasonable approximation of fair value.

14. ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking is OJHCL, a company in which OMERS Administration Corporation ("OMERS") has a full beneficial interest. OMERS is the ultimate parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2017. OMERS is a corporation without share capital, continued under the Ontario Municipal Employees Retirement System Act, 2006. The consolidated financial statements of OMERS are available from 900-100 Adelaide Street West, Toronto, Ontario, M5H 0E2, Canada.

15. EMPLOYEES

As at the year end, the Company has no employees (2017: nil).

16. RELATED PARTY DISCLOSURES

The immediate parent owns 100% of the Company's ordinary shares. As disclosed in Note 6 & 9, the Company has related party transactions with the parent and associates.

17. EVENTS AFTER THE REPORTING YEAR

There were no events up to the date of signing of these financial statements.