

QDD EV N26 Limited

Annual report and financial statements

For the year ended 31 March 2019

Company Registration No. 08613942



QDD EV N26 Limited

*Annual report and financial statements for the year ended
31 March 2019*

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QDD EV N26 Limited

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31 March 2019*

Company Information

Directors

Ann Hodgetts

Mabel Tan

Mashood Ashraf

DV4 Administration Limited

Registered office

6th Floor Lansdowne House

Berkeley Square

London

W1J 6ER

United Kingdom

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

United Kingdom

QDD EV N26 Limited

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Directors' Report

The Directors present the annual report and the audited financial statements for the year ended 31 March 2019.

Directors

The Directors who served during the year, and at the date of this report were:

- DV4 Administration Limited
- Jeremy Martin Holmes (resigned 18 July 2019)
- Abdulla Al-Ajail (appointed 9 August 2018, resigned 18 July 2019)
- Stafford Murray Lancaster (appointed 9 August 2018, resigned 18 July 2019)
- James William Jeremy Ritblat (appointed 9 August 2018, resigned 18 July 2019)
- Gawain Sydney Edward Smart (appointed 30 August 2018, resigned 18 July 2019)
- Ann Hodgetts (appointed 20 February 2019)
- Mabel Tan (appointed 1 January 2019)
- Mashood Ashraf (appointed 18 July 2019)

Principal activities

The Company is incorporated and registered in the United Kingdom under the Companies Act 2006 as a private company limited by shares. The principal activity of the Company continues to be the collection of ground rent from the fellow group company that has a sub-lease on the Company's plot at East Village, London, E20.

Results and dividends

The profit for the year amounted to £148k (2018: £146k) before and after tax.

The Directors do not recommend payment of an ordinary dividend for the year (2018: £nil).

Principal risks and uncertainties

In the opinion of the Directors, the major risk faced by the Company is if the lessee experiences financial difficulties and fails to honour the terms of the lease, then the Company's income stream from collection of ground rents would be hindered. This risk is mitigated as the Company can recover the asset as stated in the lease contract.

The Company is also exposed to the following specific risks:

Credit risk

The Company receives ground rents from the sub-lessee company of residential properties. It has credit risk to the extent that the sub-lessee company is exposed to the property market overall however its exposure is limited due to the seniority of the ground rent payments in the overall leasing arrangements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims to mitigate liquidity risk by maintaining adequate reserves.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

QDD EV N26 Limited

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Directors' Report (continued)

Market risk (continued)

Currency risk

The Company has no significant assets or liabilities denominated in currencies other than Pounds Sterling and is therefore not exposed to currency risk at the reporting date.

Interest rate risk

The Company does not have any interest bearing financial liabilities. The finance lease income has a fixed rate of interest, with fixed increases every 10 years and the Company is therefore not exposed to interest rate risk.

Going concern

The financial statements of the Company have been prepared on a going concern basis. The Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for a period of at least 12 months from the date the financial statements are authorised for issue. The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are shown above. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' indemnity

The Company has in place appropriate Directors' and Officers' liability insurance cover in respect of potential legal action against its Directors. These indemnities are qualifying third-party indemnity provisions as defined by Section 234 of the Companies Act 2006. The indemnities were valid throughout the period and are currently valid.

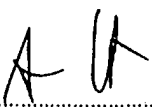
Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Small companies' exemption

In preparing the report and financial statements, the Directors have taken advantage of the small companies' exemption provided under the Companies Act 2006. The Directors have also taken advantage of the exemption provided under Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 for the requirement to produce a Strategic Report for the year.

Approved by the Board of Directors and signed on behalf of the Board.



Ann Hodgetts

Director

Date: 20 September 2019

QDD EV N26 Limited

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Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Independent Auditor's Report to the Members of QDD EV N26 Limited

Opinion

We have audited the financial statements of QDD EV N26 Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent Auditor's Report to the Members of QDD EV N26 Limited (continued)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Daniel Saunders (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 20/9/19

QDD EV N26 Limited

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Statement of comprehensive income

		2019	2018
	Notes	£000	£000
Finance lease income		151	147
Administrative expenses		(3)	(1)
Profit on ordinary activities before taxation	4	148	146
Taxation	5	-	-
Profit for the year		148	146
Other comprehensive income		-	-
Total comprehensive income for the year		148	146

QDD EV N26 Limited

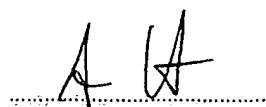
*Annual report and financial statements for the year ended
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Statement of financial position

		2019	2018
	Notes	£000	£000
Non-current assets			
Ground rent assets	6	2,817	2,740
Current assets			
Debtors	7	346	273
Current liabilities			
Creditors: amounts falling due within one year	8	(65)	(63)
Net current assets		281	210
Net assets		3,098	2,950
Capital and reserves			
Share capital	9	-	-
Capital contribution	10	2,484	2,484
Retained earnings		614	466
Total equity		3,098	2,950

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors for issue on 20 September 2019 and were signed on its behalf by:



Ann Hodgetts

Director
Company Registration No. 08613942

QDD EV N26 Limited

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Statement of changes in equity

	Share capital	Capital contribution	Retained earnings	Total equity
	£000	£000	£000	£000
As at 1 April 2017	-	2,484	320	2,804
Total comprehensive income for the year	-	-	146	146
As at 31 March 2018	-	2,484	466	2,950
Total comprehensive income for the year	-	-	148	148
As at 31 March 2019	-	2,484	614	3,098

QDD EV N26 Limited

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Notes to the financial statements

1. Statement of compliance with FRS 101

The Company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and under the historical cost convention, in accordance with the Companies Act 2006.

2. Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2019. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures - the management of financial risk disclosures including management of credit, liquidity, and market risk and interest rate sensitivity analysis;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement – disclosures around fair values of assets and liabilities;
- the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 16, 111 and 134-136 of IAS 1 Presentation of Financial Statements – presentation of statement of cash flows, explicit and unreserved statement of compliance with IFRS as adopted by the EU and disclosures of the Company's objectives, policies and processes for managing capital;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - disclosure of new accounting standards and interpretations that have been issued but are not yet effective;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures – disclosure relating to compensation of key management personnel; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between the parent and wholly-owned subsidiaries.

Going concern

The financial statements of the Company have been prepared on a going concern basis. The Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for a period of at least 12 months from the date the financial statements are authorised for issue. The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

Notes to the financial statements (continued)

3. Summary of significant accounting policies

a) Ground rent assets

Ground rent assets are treated as finance lease receivables, consequently they are recognised at an amount equal to the net investment in the lease. The lease payments received from the lessee are subsequently treated as repayments of principal and finance income. Lease payments are applied against the lease receivable to reduce both the principal and the unearned finance income.

b) Revenue recognition

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the lessor's outstanding finance lease receivable.

c) Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax is the expected tax payable on any non-REIT taxable income for the period, using tax rates applicable at the balance sheet date, and any adjustment to tax payable in respect of previous years.

d) Financial Instruments: Classification and Measurement

The Company adopted IFRS 9 Financial Instruments on 1 April 2018 using the modified retrospective approach. There were no adjustments to the opening balances upon adoption of the new standard. Trade and other receivables are classified as financial assets at amortised cost in line with IFRS 9. They are initially measured at fair value and then subsequently measured at amortised cost. Classification is determined by the nature of the cash flows of the assets and the business model in which they are held. The impairment requirements are based on a forward-looking expected credit loss (ECL) model. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss, including lease receivables and any contract assets. The Company does not apply hedge accounting nor does it hold any assets classified as fair value through profit and loss (FVTPL).

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and loans and borrowings which are held at amortised costs.

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Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

e) Debtors

Debtors are initially recognised on the balance sheet at fair value when the Company has become party to the contractual provisions of the instruments.

They are subsequently carried at amortised cost using the effective interest rate method if the time value of money may have a significant impact on their value.

The Company must make judgements on the recoverability of its trade and other receivables at the reporting date and has a policy of providing for impairment based on the expected credit loss model. The Company assesses on a forward-looking basis the expected credit losses associated with its trade receivables. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the receivable. In determining the expected credit losses the Company takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making a payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements and market expectations and trends in the wider macro-economic environment in which customers operate. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. The movement in the provision is recognised in the statement of comprehensive income.

Trade receivables balances are written off when the probability of recovery is assessed as being remote.

4. Operating profit

Operating profit is stated after charging:

	2019	2018
	£000	£000
Auditor's remuneration	3	2

Directors' remuneration

The Directors of the Company are also directors of other entities controlled by the shareholders (see note 11) but are not part of this Group. For the current period, the Directors received no remuneration or reimbursements from QDD EV N26 Limited for their services as directors of the Company.

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Notes to the financial statements (continued)

5. Taxation

	2019	2018
	£000	£000
Taxation charge	18	28
Group relief utilised	(18)	(28)
Group relief charge	-	-
Current tax charge	-	-
Deferred tax charge	-	-
Tax charge	-	-
	2019	2018
	£000	£000
Factors affecting the tax charge for the year		
Profit before taxation	148	146
Profit before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	28	28
Effect of:		
Exempt income	(10)	-
Group relief utilised	(18)	(28)
Tax charge	-	-

The Company, together with other members of Get Living PLC, is subject to taxation as a Real Estate Investment Trust (REIT). Under the REIT regime, income from its rental business (calculated by reference to tax rather than accounting rules) and chargeable gains from the sale of its investment properties are exempt from corporation tax. The Company continues to be subject to corporation tax on any other activities. The directors expect that future profits will be derived principally from the Company's rental business so that the tax charge in future years will be minimal.

Exempt income refers to property rental income that is exempt from UK corporation tax in accordance with Part 12 of CTA 2010. In addition, no provision is made for deferred tax in relation to the revaluation of property as gains will be also be exempt from UK corporation tax under Part 12 of CTA 2010.

The Company received group relief from other entities within the group. For the year ended 31 March 2019 the Company will not make payments for the group relief received. During the year ended 31 March 2018 the Company did not make payments for the group relief received.

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Notes to the financial statements (continued)

6. Ground rent assets - Finance lease receivables

	2019		2018	
	Gross investment	Present value	Gross investment	Present value
	£000	£000	£000	£000
Amounts due within one year	74	-	74	-
Amounts due between one to two years	74	-	74	-
Amounts due between two and five years	230	-	222	-
Amounts due after five years	79,431	2,817	79,513	2,740
	79,809	2,817	79,883	2,740
Unearned finance lease income	(76,992)	-	(77,143)	-
	2,817	2,817	2,740	2,740

The Company has granted a 125 year sub-lease, without breaks, to a fellow group undertaking, over its plot at the East Village. The rental is fixed, with a minimum escalation of 33% every 10 years.

7. Debtors

	2019	2018
	£000	£000
Amounts due from group undertakings	346	273
	346	273

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

There is no exposure to credit risk as the receivable is no greater than the fair value of the lease property.

The debtors can be recovered per the terms of the lease agreement if there is no payment of the finance lease income.

There were no write offs in the current financial year.

8. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Other creditors	2	2
Amounts due to group undertakings	63	61
	65	63

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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Notes to the financial statements (continued)

9. Share capital

	2019	2018
	£	£
<i>Allotted, called up share capital</i>		
1 Ordinary Shares of £1 each	1	1
	<u>1</u>	<u>1</u>

Holders of Ordinary Shares are entitled to one vote per share.

The shares are unpaid for current financial year and prior financial year.

The Company is authorised to issue unlimited shares.

10. Capital contribution

The capital contribution of £2.5m (2018: £2.5m) relates to funding received from the parent company, QDD Athletes Village UK Limited, for the initial acquisition of East Village from the Olympic Development Authority (ODA) in 2014. This is treated as capital contribution as there was no issue of shares, no interest payments and no repayment obligation on the funding received from the parent company.

11. Related party disclosures

The Company's immediate and ultimate parent undertakings are QDD EV Holdco Limited at 6th Floor Lansdowne House, Berkeley Square, London, United Kingdom, W1J 6ER and Get Living PLC at 6th Floor Lansdowne House, Berkeley Square, London, United Kingdom, W1J 6ER respectively.

At 31 March 2019, Get Living PLC was jointly controlled as follows:

- (i) By Delancey Oxford Residential ("DOOR"), a co-investment vehicle made up of DV4 Limited, a company registered and incorporated in the British Virgin Islands, and Oxford Properties, a Canadian global real estate investor;
- (ii) By QD UK Holdings LP, a limited partnership registered and incorporated in Scotland; and
- (iii) By Stichting Depositary APG Strategic Real Estate Pool, a pension fund asset manager based in the Netherlands.

Get Living PLC is the smallest group to consolidate these financial statements.

Transactions between the Company and fellow group entities are summarised in note 6, 7 and 8.

12. Commitments

There were no commitments as at 31 March 2019 (2018: £nil).

13. Contingent liabilities

There were no contingent liabilities as at 31 March 2019 (2018: £nil).

14. Subsequent events

There have been no subsequent events that require disclosure in the financial statements.