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COMPANY REGISTRATION NUMBER FC026659

**DOLPHIN SQUARE LIMITED**  
**(FORMERLY MANTILLA LIMITED)**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

TUESDAY



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A17

30/09/2014

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COMPANIES HOUSE

**COHEN ARNOLD**  
Chartered Accountants & Registered Auditors  
New Burlington House  
1075 Finchley Road  
LONDON  
NW11 0PU

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**DOLPHIN SQUARE LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

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**DOLPHIN SQUARE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**THE BOARD OF DIRECTORS**

Ms C Woon  
Mr K Z Sheikh  
Mr D E Rico

**COMPANY SECRETARY**

Volaw Secretaries Limited

**REGISTERED OFFICE**

5th floor  
37 Esplanade  
St Helier  
Jersey  
JE1 2TR

**AUDITOR**

Cohen Arnold  
New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

**DOLPHIN SQUARE LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2013**

The Directors present their report and the financial statements of the Company for the year ended 31 December 2013. On 20 August 2014 the Company changed its name from Mantilla Limited to Dolphin Square Limited.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company during the period were property management, letting of rental apartments and the operation of a health club, spa and brasserie.

**RESULTS AND DIVIDENDS**

The loss for the year amounted to £134,089 (2012: £107,357). The Directors have not recommended a dividend (2012: £Nil).

**PRINCIPAL RISKS AND UNCERTAINTIES**

It is the Company's policy that no trading in financial instruments shall be undertaken. The Company is exposed to risks associated with the hotel and serviced apartments industry and detail of its mitigation approaches are as follows:

**Industry risk**

Global economic downturn and changes in travel patterns and/or increases in terrorist activities may adversely affect sustained levels of occupancy and room rates as well as income from affiliated facilities provided.

Although management continually seeks to identify risks at the earliest opportunity, many of these risks are beyond the control of the Company.

**Information technology risk**

The Company is reliant on certain technologies and systems in the operation of its business. To minimise the risk, the Company invests in appropriate IT systems to obtain as much operational reliability as possible.

**Market value risk**

The value of the Company's leasehold improvements are determined by market forces outside of the Company's control, such as shifting yields, market rents and inflation.

**FUTURE DEVELOPMENTS**

The Directors will continue to actively manage the letting of rental apartments and the Company's other operations with the aim of maximising the rental and other operating income and long term capital appreciation.

**DIRECTORS**

The directors who served the Company during the year were as follows:

Ms C Woon  
Mr K Z Sheikh  
Mr D E Rico

The Directors have no interest in the Company.

**DOLPHIN SQUARE LIMITED**  
**DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 DECEMBER 2013**

**DIRECTORS' RESPONSIBILITIES**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year. In preparing these financial statements, the Directors are required to

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 proper accounting records that 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 (Jersey) Law 1991. 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 THE AUDITORS**

In so far as the Directors are aware

- there is no relevant audit information of which the Company's auditor is unaware,
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

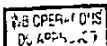
**AUDITOR**

Cohen Arnold has been appointed as auditor and has indicated their willingness to continue in office.

Signed on behalf of the directors



**Ms C WOON**  
Director



Approved by the directors on 24 September 2014

**DOLPHIN SQUARE LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**DOLPHIN SQUARE LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

We have audited the financial statements of Dolphin Square Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

This report is made solely to the Company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. 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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the Directors are responsible for the preparation of the financial statements which 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 Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Accounting Standards
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991

**DOLPHIN SQUARE LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**DOLPHIN SQUARE LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2013**

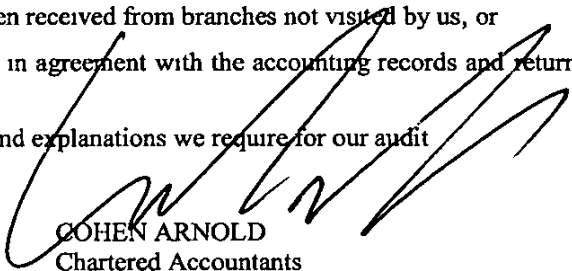
**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion

- 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
- the Company financial statements are not in agreement with the accounting records and returns;  
or
- we have not received all the information and explanations we require for our audit

New Burlington House  
1075 Finchley Road  
LONDON  
NW11 0PU

29<sup>th</sup> SEPTEMBER 2014



COHEN ARNOLD  
Chartered Accountants  
& Registered Auditor

**DOLPHIN SQUARE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2013**

		2013 £	2012 £
<b>TURNOVER</b>	Note <b>3</b>	<b>12,601,024</b>	12,792,901
Cost of Sales		<u><b>11,860,827</b></u>	<u>11,897,969</u>
<b>GROSS PROFIT</b>		<b>740,197</b>	894,932
Administrative Expenses		<b>874,286</b>	1,002,289
Interest Receivable		<b>5,983,562</b>	246,575
Interest Payable and Similar Charges	<b>6</b>	<u><b>(5,983,562)</b></u>	<u>(246,575)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>4</b>	<u><b>(134,089)</b></u>	<u>(107,357)</u>
Tax on Loss on Ordinary Activities	<b>7</b>	—	—
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><b>(134,089)</b></u>	<u>(107,357)</u>

All of the activities of the Company are classed as continuing  
The Company has no recognised gains or losses other than the results for the  
year as set out above.

The notes on pages 9 to 17 form part of these financial statements.



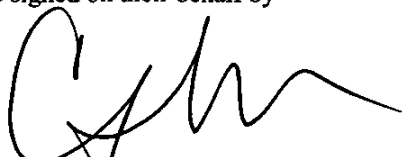
# DOLPHIN SQUARE LIMITED

## BALANCE SHEET

31 DECEMBER 2013

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible Assets	8	<u>10,502,249</u>	<u>10,537,813</u>
<b>CURRENT ASSETS</b>			
Stocks	9	13,848	12,399
Debtors	10	84,604,488	83,756,695
Cash at Bank and in Hand		<u>2,379,347</u>	<u>2,147,908</u>
		<u>86,997,683</u>	<u>85,917,002</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>5,304,840</u>	<u>2,542,526</u>
<b>NET CURRENT ASSETS</b>		<u>81,692,843</u>	<u>83,374,476</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>92,195,092</u>	<u>93,912,289</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12	<u>90,907,393</u>	<u>92,490,501</u>
		<u>1,287,699</u>	<u>1,421,788</u>
<b>CAPITAL AND RESERVES</b>			
Called-Up Equity Share Capital	15	30,000,110	30,000,110
Profit and Loss Account	16	<u>(28,712,411)</u>	<u>(28,578,322)</u>
<b>SHAREHOLDERS' FUNDS</b>	17	<u>1,287,699</u>	<u>1,421,788</u>

These accounts were approved by the directors and authorised for issue on 24 September 2014, and are signed on their behalf by

  
**MS C WOON**

W3 OPERATIONS  
DC APPROVED

Company Registration Number 90676

The notes on pages 9 to 17 form part of these financial statements.

**DOLPHIN SQUARE LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18	909,930	(990,729)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18	1,167,123	–
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	18	(204,187)	(311,225)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>1,872,866</u>	<u>(1,301,954)</u>
FINANCING	18	(1,641,427)	460,503
INCREASE/(DECREASE) IN CASH	18	<u>231,439</u>	<u>(841,451)</u>

The notes on pages 9 to 17 form part of these financial statements.

## 1. ACCOUNTING POLICIES

**DOLPHIN SQUARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES** *(continued)*

**Leasehold properties**

Leasehold property improvements are included in the balance sheet at cost subject to an annual impairment review

In accordance with United Kingdom Generally Accepted Accounting Principles

i) leasehold property improvements are subject to an annual impairment review. The aggregate surplus or deficit is transferred to a revaluation reserve, with the exception of permanent diminutions in value which are written off through the profit and loss account; and

ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

**Taxation**

The Company is liable to United Kingdom corporation tax by virtue of its permanent establishment in the UK.

Under Article 123 of the Income Tax (Jersey) Law 1961, as amended, the Company is considered resident on the island of Jersey and consequently is taxable in Jersey. Profits are subject to tax at a rate of nil%.

**2. COUNTRY OF INCORPORATION**

Dolphin Square Limited is incorporated in the island of Jersey

**DOLPHIN SQUARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**3. TURNOVER**

The turnover and loss before tax are attributable to the one principal activity of the Company  
An analysis of turnover is given below

	2013 £	2012 £
United Kingdom	<u>12,601,024</u>	<u>12,792,901</u>

Included in the turnover detailed above is £122,400 (2012: £122,400) received as a management fee from Westbrook Dolphin Square Residential 1 Ltd through Westbrook Dolphin Square Residential 612 Ltd inclusive (612 separate entities). All the above mentioned entities are fellow affiliated undertakings

**4. OPERATING LOSS**

Operating loss is stated after charging:

	2013 £	2012 £
Depreciation of owned fixed assets	239,751	319,668
Auditor's remuneration		
- as auditor	8,435	8,400
Operating lease costs		
- Land & Buildings	6,408,799	6,408,799
- Other	<u>94,804</u>	<u>94,804</u>

**5. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the Company during the financial year amounted to

	2013 No	2012 No
Number of administrative staff	8	6
Number of rental apartment and health club staff	83	91
Number of maintenance staff	<u>30</u>	<u>38</u>
	<u>121</u>	<u>135</u>

The aggregate payroll costs of the above were.

	2013 £	2012 £
Wages and salaries	2,865,237	3,171,812
Social security costs	274,520	299,990
Other pension costs	<u>39,900</u>	<u>60,026</u>
	<u>3,179,657</u>	<u>3,531,828</u>

Payroll costs in relation to 30 (2012: 44) members of staff amounting to £984,882 (2012: £1,232,187), detailed above, are recoverable via service charge reallocation and are not ultimately borne by the Company

**DOLPHIN SQUARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2013 £	2012 £
WB Dolphin Square L L C loan interest	<u>5,983,562</u>	<u>246,575</u>

The other interest payable is due to WB Dolphin Square L L C

**7. TAXATION ON ORDINARY ACTIVITIES**

**Analysis of charge in the year**

	2013 £	2012 £
Current tax		
UK Income Tax based on the results for the year	-	-
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

The Company has tax losses carried forward. Deferred tax assets of £3,418,635 (2012 £4,085,816) have not been recognised because it is not probable that taxable income will be available to utilise these losses in the foreseeable future.

Under article 123 of the Income Tax (Jersey) Law 1961, as amended, the Company is considered resident on the island of Jersey and consequently is taxable in Jersey. Profits are subject to tax at rate of nil%.

**Factors affecting current tax charge**

	2013 £	2012 £
Loss on ordinary activities before taxation	<u>(134,089)</u>	<u>(107,357)</u>
Loss on ordinary activities by rate of tax	(31,175)	(26,302)
Expenses not deductible for tax purposes	(2,435)	78,319
Capital allowances for period in excess of depreciation	18,430	(10,724)
Unrelieved tax losses	<u>15,180</u>	<u>(41,293)</u>
Total current tax	<u>-</u>	<u>-</u>

**DOLPHIN SQUARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**8. TANGIBLE FIXED ASSETS**

	Leasehold Improvements £	Equipment £	Total £
<b>COST</b>			
At 1 January 2013	9,578,809	4,823,676	14,402,485
Additions	43,704	160,483	204,187
<b>At 31 December 2013</b>	<u>9,622,513</u>	<u>4,984,159</u>	<u>14,606,672</u>
<b>DEPRECIATION</b>			
At 1 January 2013	–	3,864,672	3,864,672
Charge for the year	–	239,751	239,751
<b>At 31 December 2013</b>	<u>–</u>	<u>4,104,423</u>	<u>4,104,423</u>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2013</b>	<u>9,622,513</u>	<u>879,736</u>	<u>10,502,249</u>
At 31 December 2012	<u>9,578,809</u>	<u>959,004</u>	<u>10,537,813</u>

The leasehold investment property was valued by the directors as at 31 December 2013 with assistance from an indicative desktop valuation provided by CBRE Limited, a commercial real estate services and investment firm

The Company and its fellow affiliated undertakings own long term (greater than 20 years at the balance sheet date) leasehold interests in the Dolphin Square Portfolio "Dolphin Square Portfolio" means all of the leasehold interests in the asset known as Dolphin Square, Chichester Street London SW1V 3LX

The Directors valuation of the entire Dolphin Square Portfolio amounted to £327 million. The Directors believe that the carrying value of the Leasehold Improvements held by Dolphin Square Limited represents their "in use" value and should remain in the books at cost.

**9. STOCKS**

	2013 £	2012 £
Stock	<u>13,848</u>	<u>12,399</u>

**10. DEBTORS**

	2013 £	2012 £
Trade debtors	493,822	647,839
Amounts owed by affiliated undertakings	75,042,980	75,041,597
WB Dolphin Square L L C	7,633,689	7,575,370
Other debtors	3,376	4,265
Prepayments and accrued income	1,430,621	487,624
	<u>84,604,488</u>	<u>83,756,695</u>

**DOLPHIN SQUARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**10. DEBTORS** *(continued)*

The debtors above include the following amounts falling due after more than one year

	2013 £	2012 £
Amounts owed by affiliated undertakings	75,042,980	75,041,597
WB Dolphin Square L.L.C	7,633,689	7,575,370
	<u>82,676,669</u>	<u>82,616,967</u>

Amounts owed by affiliated undertakings relate to monies due from Tannenberg Limited and 612 entities, being Westbrook Dolphin Square Residential 1 Limited through to Westbrook Dolphin Square Residential 612 Limited inclusive (612 separate entities) Tannenberg Limited and all 612 entities are fellow affiliated undertakings. The amounts due from Tannenberg Limited £42,980 (2012 £41,597) are interest free repayable on 16 April 2017.

The amounts due from 612 entities, being Westbrook Dolphin Square Residential 1 Limited through to Westbrook Dolphin Square Residential 612 Limited inclusive (612 separate entities) (£75 million) are subject to interest of 8% per annum and are repayable on 17 December 2017.

**11. CREDITORS: Amounts falling due within one year**

	2013 £	2012 £
Trade creditors	784,160	477,424
Other taxation and social security	166,028	237,543
Other creditors	1,707,612	1,297,368
Accruals and deferred income	2,647,040	530,191
	<u>5,304,840</u>	<u>2,542,526</u>

Bank balances totalling £1,694,084 (2012. £1,390,594) held in the name of the Company are subject to trust in favour of creditors included above.

**12. CREDITORS: Amounts falling due after more than one year**

	2013 £	2012 £
Amounts owed to affiliated undertakings	15,907,393	17,490,501
Unsecured subordinate loan notes	75,000,000	75,000,000
	<u>90,907,393</u>	<u>92,490,501</u>

Amounts owed to affiliated undertakings represent monies due to Westbrook Dolphin Square Residential 1 Ltd through Westbrook Dolphin Square Residential 612 Ltd inclusive (612 separate entities). These balances are interest free and repayable on 16th April 2017.

The Company has 7,500 £1,000 interest bearing unsecured subordinated loan notes and up to £500,000,000 unsecured PIK (payment in kind) notes. These notes are fully subscribed for by WB Dolphin Square L.L.C. The loan notes are listed on the Cayman Islands Stock Exchange.



**DOLPHIN SQUARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**13. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases as set out below

	<b>Land and buildings</b>	
	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within 1 year	408,799	408,799
After more than 5 years	6,000,000	6,000,000
	<u>6,408,799</u>	<u>6,408,799</u>

**14. RELATED PARTY TRANSACTIONS**

£6,000,000 (2012 £6,000,000) per annum rent is payable to Westbrook Dolphin Square Residential 1 Limited through Westbrook Dolphin Square Residential 612 Limited inclusive (612 separate entities) and £408,799 (2012 £408,799) per annum rent payable Westbrook Dolphin Square Limited, all the entities mentioned being fellow affiliated undertakings.

The Company and its affiliated undertakings have a term loan facility of up to £230 million with Wells Fargo Bank N.A (London Branch) £13.9 million (facility B) remains undrawn. The facility is for a five year term (maturing on 17 December 2017) with two 1 year extension rights. The interest rate is LIBOR plus a 3.4% margin. An interest rate cap has been procured fixing LIBOR for the term of the loan at 2.0%. The Company has provided a joint and several guarantees together with affiliated undertakings in respect of overall bank borrowings.

**15. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	<b>2013</b>		<b>2012</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary voting shares of £0.10 each	100	10	100	10
Ordinary non-voting shares of £0.10 each	300,001,000	30,000,100	300,001,000	30,000,100
	<u>300,001,100</u>	<u>30,000,110</u>	<u>300,001,100</u>	<u>30,000,110</u>

**16. PROFIT AND LOSS ACCOUNT**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Balance brought forward	(28,578,322)	(28,470,965)
Loss for the financial year	(134,089)	(107,357)
Balance carried forward	<u>(28,712,411)</u>	<u>(28,578,322)</u>

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(134,089)	(107,357)
Opening shareholders' funds	1,421,788	1,529,145
Closing shareholders' funds	<u>1,287,699</u>	<u>1,421,788</u>

**DOLPHIN SQUARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**18. NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW)  
FROM OPERATING ACTIVITIES**

	2013	2012
	£	£
Operating Loss	(134,089)	(107,357)
Depreciation	239,751	319,668
Increase in Stocks	(1,449)	(539)
Decrease/(Increase) in Debtors	131,074	(322,018)
Increase/(Decrease) in Creditors	674,643	(880,483)
Net cash inflow/(outflow) from operating activities	<u>909,930</u>	<u>(990,729)</u>

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2013	2012
	£	£
Interest Received	5,063,014	—
Interest Paid	(3,895,891)	—
Net cash inflow from returns on investments and servicing of finance	<u>1,167,123</u>	<u>—</u>

**CAPITAL EXPENDITURE**

	2013	2012
	£	£
Payments to Acquire Tangible Fixed Assets	(204,187)	(311,225)
Net cash outflow from capital expenditure	<u>(204,187)</u>	<u>(311,225)</u>

**FINANCING**

	2013	2012
	£	£
Long-Term Amounts Owed to affiliated undertakings	(1,583,108)	3,102,265
New Long term loan to affiliated undertakings	—	(75,000,000)
Unsecured subordinated loan notes	—	75,000,000
Movement on WB Dolphin Square L L C loan	(58,319)	(2,641,762)
Net cash (outflow)/inflow from financing	<u>(1,641,427)</u>	<u>460,503</u>

**DOLPHIN SQUARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**18. NOTES TO THE CASH FLOW STATEMENT** *(continued)*

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2013	2012
	£	£
Increase/(Decrease) in Cash in the Period	231,439	(841,451)
Net Cash Outflow/(Inflow) from Long-Term Amounts Owed to affiliated Undertakings	1,583,108	(3,102,265)
Net Cash Outflow from Other Long-Term Creditors	58,319	2,641,762
	<u>1,641,427</u>	<u>(460,503)</u>
Change in Net Debt	1,872,866	(1,301,954)
Net debt at 1 January	(7,767,223)	(6,465,269)
Net debt at 31 December	<u>(5,894,357)</u>	<u>(7,767,223)</u>

**ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Jan 2013 £	Cash flows £	At 31 Dec 2013 £
Net Cash:			
Cash in Hand and at Bank	2,147,908	231,439	2,379,347
Debt			
Long-Term Amounts Owed to affiliated undertakings	(17,490,501)	1,583,108	(15,907,393)
Unsecured subordinated loan notes	(75,000,000)	–	(75,000,000)
WB Dolphin Square L L C loan	7,575,370	58,319	7,633,689
Long term loan to affiliated undertakings	75,000,000	–	75,000,000
	<u>(9,915,131)</u>	<u>1,641,427</u>	<u>(8,273,704)</u>
Net debt	<u>(7,767,223)</u>	<u>1,872,866</u>	<u>(5,894,357)</u>

**19. OWNERSHIP AND CONTROL**

Dolphin Square Holdings Limited, a company incorporated in Jersey, owns 50% of the voting shares, of the Company, in issue WB Dolphin Square L L C, a company incorporated in Delaware, USA, owns the remaining 50% of the voting shares, as well as 100% of the non-voting ordinary shares, of the Company, in issue

**20. POST BALANCE SHEET EVENTS**

In July 2014, Westbrook Dolphin Square Limited, an affiliated company, (on behalf of certain of its affiliates) successfully obtained first instance judgment from the High Court confirming that certain of its affiliates are entitled to acquire the freehold interest in Dolphin Square on terms and conditions to be agreed with Friends Life Limited (being the freeholder), or, in the absence of agreement, to be determined by the First Tier Tribunal (subject to any lawful appeals to the Upper Tier Tribunal) This first instance judgment is subject to pending proceedings by Friends Life Limited seeking leave to appeal the decision in the Court of Appeal and does in no way give Westbrook Dolphin Square Limited or its affiliates an unequivocal or unfettered legal right to acquire the freehold of the asset The directors of Westbrook Dolphin Square Limited have been advised that it is likely that Friends Life Limited will be successful in their application for permission to appeal, but not necessarily in the ultimate outcome of any actual appeal hearing proceedings.