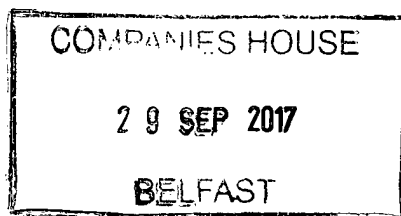


Donegall Place Invest Limited
Financial Statements
30 September 2016



MANEELY Mc CANN
Chartered accountant & statutory auditor
Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

Donegall Place Invest Limited

Financial Statements

Year ended 30 September 2016

| Contents | Pages |
|--|-----------------|
| Officers and professional advisers | 1 to 2 |
| Strategic report | 3 to 4 |
| Director's report | 5 to 6 |
| Independent auditor's report to the members | 7 to 8 |
| Consolidated statement of income and retained earnings | 9 |
| Company statement of income and retained earnings | 10 |
| Consolidated statement of financial position | 11 |
| Company statement of financial position | 12 |
| Consolidated statement of cash flows | 13 |
| Notes to the financial statements | 14 to 29 |

Donegall Place Invest Limited

Officers and Professional Advisers

The board of directors

Mr P A McCormack (Appointed 17 June 2016)
Mr M A Herbert (Resigned 17 June 2016)

Registered office

Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

Auditor

Maneely Mc Cann
Chartered accountant & statutory auditor
Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

Bankers

Bank of Ireland
1 Donegall Square South
Belfast
BT1 5LR

Allied Irish Bank
37 Upper O'Connell Street
Dublin 1

Ulster Bank
11-16 Donegall Square East
Belfast
BT1 5UB

Danske Bank
Donegall Square West
Belfast
BT1 6JS

Donegall Place Invest Limited

Officers and Professional Advisers *(continued)*

Solicitors

DWF (Northern Ireland) LLP
Jefferson House
42 Queen Street
Belfast
BT1 6HL

Dickson Minto W.S
16 Charlotte Square
Edinburgh
EH2 4DF

Elliot Duffy Garrett
Royston House
34 Upper Queen Street
Belfast
BT1 6FD

Mills Selig
21 Arthur Street
Belfast
BT1 4GA

Maclay Murray & Spens LLP
1 George Square
Glasgow
G2 1AL

Carson Mc Dowell
Murray House
Murray Street
Belfast
BT1 6DN

O'Hare Solicitors
St George's Buildings
37 - 41 High Street
Belfast
BT1 2AB

Donegall Place Invest Limited

Strategic Report

Year ended 30 September 2016

The group's principal activities during the year were that of property development and trading, and property investment for rental return.

The group's revenues are generated largely by rental income from investment properties held by Donegall Place Investment Limited and its wholly owned subsidiary company, Bow Street Mall Limited. The group is also involved in some property trading.

The company owns 100% of the share capital of Sarcon (No.197) Limited, a property development company. The group continues to hold a 50% interest in its joint venture, Merset Properties Limited, a dormant company.

Turnover of the group analysed by activity was as follows:

| | 2016 £ | 2015 £ |
|--|------------------|-------------------|
| Rental, service charge & car park income | <u>7,539,293</u> | <u>13,181,208</u> |

The group recognised a gross profit for the year of £3,592,177 (2015: £4,637,527) achieving a gross profit margin of 48% (2015: 35%). Profit on ordinary activities before taxation was £5,776,495 (2015: £2,215,060).

The net deficit of the group at the year end was £96 million (2015: £102 million). Investment property was valued at £59.6 million (2015: £104.0 million).

The director is satisfied with the rental returns achieved on the properties held by the group. The group, like many property companies, is facing challenging times in the current economic down turn and in response to this, the director is involved in prudent business planning and working closely with the group's key stakeholders.

After the balance sheet date the company's director has successfully renegotiated the refinance of the company and group's debt with its main lender. It has also obtained support from its group companies.

The director continues to seek opportunities for property investment and development that fit with the group's strategic objectives, with the support of its lender.

The group's performance is sensitive to any changes in the property market, property values, interest rates, inflation, availability of credit and consumer spending habits. With these risks and uncertainties in mind, the director is aware that any plans for the future development of the business may be subject to unforeseen future events outside of his control. The director however, focuses on managing and mitigating these risks as part of the overall business strategy.

Donegall Place Invest Limited

Strategic Report *(continued)*

Year ended 30 September 2016

The group's operations expose it to a variety of financial risks that include liquidity risk and interest rate risk.

Given the size of the group, the director has not delegated the responsibility of monitoring financial risk management to a sub-committee. The policies are set and reviewed by the director, and are implemented by the group's finance team. The main risks are summarised below:

Foreign exchange risk

While the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to some foreign exchange risk in the normal course of business. While the group has not used financial instruments to hedge foreign exchange exposure, this position is under constant review.

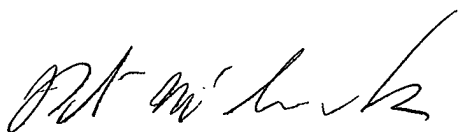
Liquidity risk

The group is actively attempting to secure a mixture of long-term and short-term finance from lenders to ensure sufficient liquidity available for operations and any planned expansions.

Interest rate risk

The group finances its operations through a combination of bank overdrafts and loans, and has a policy of maintaining debt at competitive rates to ensure a reasonable degree of certainty over future interest cash flows. The director will revisit the appropriateness of this policy should the group's operations change in size or nature.

This report was approved by the board of directors on 28 September 2017 and signed on behalf of the board by:



Mr P A McCormack
Director

Registered office:
Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

Donegall Place Invest Limited

Director's Report

Year ended 30 September 2016

The director presents his report and the financial statements of the group and the company for the year ended 30 September 2016.

Directors

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

| | |
|------------------|--------------------------|
| Mr P A McCormack | (Appointed 17 June 2016) |
| Mr M A Herbert | (Resigned 17 June 2016) |

Dividends

The director does not recommend the payment of a dividend.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Donegall Place Invest Limited

Director's Report *(continued)*

Year ended 30 September 2016

This report was approved by the board of directors on 28 September 2017 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'P A McCormack', written in a cursive style.

Mr P A McCormack
Director

Registered office:
Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

Donegall Place Invest Limited

Independent Auditor's Report to the Members of Donegall Place Invest Limited

Year ended 30 September 2016

We have audited the financial statements of Donegall Place Invest Limited for the year ended 30 September 2016 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of director and auditor

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

With respect to one of the group company's investment property's having a carrying value of £50 million, the evidence available to us was limited. The director of the company has complied fully with the requirements of accounting standards in respect of this property and has valued the investment properties to the best of his ability, at fair value as required by FRS 102. However, in the current market conditions, we are unable to make an assessment of the accuracy of this valuation. Owing to the unstable nature of the current property environment, we were unable to obtain sufficient appropriate audit evidence regarding the valuation of the investment property by using other audit procedures.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

Donegall Place Invest Limited

Independent Auditor's Report to the Members of Donegall Place Invest Limited (continued)

Year ended 30 September 2016

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Arising from the limitation of our work relating to the above:

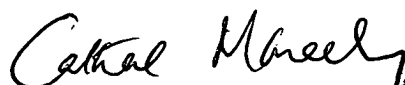
- we have not received all the information and explanations we require for our audit.

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

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

Emphasis of matter

In forming our opinion on the financial statements, which is not modified in relation to going concern, we have considered the adequacy of the disclosures made in note 1 to the financial statements in relation to the renewal of bank facilities, the group's net current liabilities of £153,742,767 and the net shareholders' deficiency of £96,140,172 at the balance sheet date, the current economic climate, commercial property markets and the group's future prospects and financial viability. The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of the group's lenders, including the renewal of banking facilities, and the ability of the group to deal with the market and commercial uncertainties outside of its control. The financial statements do not include any adjustments which would result if this continued support was not secured. In view of the uncertainty on the validity of the going concern basis, we consider that it should be brought to your attention.



Mr Cathal Maneely (Senior Statutory Auditor)
For and on behalf of
Maneely Mc Cann
Chartered accountant & statutory auditor

Aisling House
50 Stranmillis Embankment
Belfast
BT9 5FL

28 September 2017

Donegall Place Invest Limited

Consolidated Statement of Income and Retained Earnings

Year ended 30 September 2016

| | Note | 2016 £ | 2015 £ |
|---|----------|----------------------------|----------------------|
| Turnover | 4 | 7,539,293 | 13,181,208 |
| Cost of sales | | <u>3,947,116</u> | <u>8,543,681</u> |
| Gross profit | | 3,592,177 | 4,637,527 |
| Administrative expenses | | (3,527,681) | (1,207,134) |
| Other operating income | | 75,000 | 21,000 |
| Gain on disposal of other debtors | | (1,129,160) | — |
| Operating profit | 5 | 8,324,018 | 5,865,661 |
| Share of loss of joint ventures | 14 | (120) | (299) |
| Other interest receivable and similar income | | 92,866 | 699,865 |
| Interest payable and similar charges | 9 | <u>2,640,269</u> | <u>4,350,167</u> |
| Profit on ordinary activities before taxation | | 5,776,495 | 2,215,060 |
| Tax on profit on ordinary activities | 10 | (405,061) | (32,600) |
| Profit for the financial year and total comprehensive income | | <u>6,181,556</u> | <u>2,247,660</u> |
| Retained losses at the start of the year | | (102,321,728) | (104,569,388) |
| Retained losses at the end of the year | | <u>(96,140,172)</u> | <u>(102,321,728)</u> |

All the activities of the group are from continuing operations.

The notes on pages 14 to 29 form part of these financial statements.

Donegall Place Invest Limited
Company Statement of Income and Retained Earnings
Year ended 30 September 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------|-----------|
| Profit for the financial year and total comprehensive income | | - | - |
| Retained losses at the start of the year | | - | - |
| | | <hr/> | <hr/> |
| Retained losses at the end of the year | | - | - |
| | | <hr/> | <hr/> |

The notes on pages 14 to 29 form part of these financial statements.

Donegall Place Invest Limited
Consolidated Statement of Financial Position
30 September 2016

| | Note | 2016 £ | 2015 £ |
|--|------|---------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 59,600,000 | 103,987,013 |
| Investments: | 14 | | |
| Investments in joint-ventures | | (14,577) | (14,457) |
| | | <u>59,585,423</u> | <u>103,972,556</u> |
| Current assets | | | |
| Stocks | 15 | — | 245,000 |
| Debtors | 16 | 23,915,569 | 76,187,709 |
| Cash at bank and in hand | | 492,834 | 1,271,107 |
| | | <u>24,408,403</u> | <u>77,703,816</u> |
| Creditors: amounts falling due within one year | 18 | <u>178,151,170</u> | <u>276,345,583</u> |
| Net current liabilities | | <u>153,742,767</u> | <u>198,641,767</u> |
| Total assets less current liabilities | | <u>(94,157,344)</u> | <u>(94,669,211)</u> |
| Creditors: amounts falling due after more than one year | 19 | 1,219,000 | 1,483,628 |
| Provisions | | | |
| Taxation including deferred tax | 20 | 763,828 | 1,168,889 |
| Other provisions | 20 | — | 5,000,000 |
| | | <u>763,828</u> | <u>6,168,889</u> |
| Net liabilities | | <u>(96,140,172)</u> | <u>(102,321,728)</u> |
| Capital and reserves | | | |
| Called up share capital | 23 | 4 | 4 |
| Profit and loss account | 24 | (96,140,176) | (102,321,732) |
| Members deficit | | <u>(96,140,172)</u> | <u>(102,321,728)</u> |

These financial statements were approved by the board of directors and authorised for issue on 28 September 2017, and are signed on behalf of the board by:



Mr P A McCormack
Director

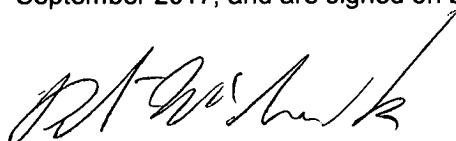
Company registration number: NI607169

The notes on pages 14 to 29 form part of these financial statements.

Donegall Place Invest Limited
Company Statement of Financial Position
30 September 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-----------|-----------|
| Fixed assets | | | |
| Tangible assets | 13 | – | – |
| Investments | 14 | 2 | 2 |
| | | <u>2</u> | <u>2</u> |
| Current assets | | | |
| Debtors | 16 | 4 | 4 |
| Cash at bank and in hand | | – | – |
| | | <u>4</u> | <u>4</u> |
| Creditors: amounts falling due within one year | 18 | 2 | 2 |
| Net current assets | | <u>2</u> | <u>2</u> |
| Total assets less current liabilities | | <u>4</u> | <u>4</u> |
| Provisions | | | |
| Other provisions | 20 | – | – |
| Net liabilities | | <u>4</u> | <u>4</u> |
| Capital and reserves | | | |
| Called up share capital | 23 | 4 | 4 |
| Other reserves | 24 | – | – |
| Profit and loss account | 24 | – | – |
| Members deficit | | <u>4</u> | <u>4</u> |

These financial statements were approved by the board of directors and authorised for issue on 28 September 2017, and are signed on behalf of the board by:



Mr P A McCormack
Director

Company registration number: NI607169

The notes on pages 14 to 29 form part of these financial statements.

Donegall Place Invest Limited
Consolidated Statement of Cash Flows
Year ended 30 September 2016

| | Note | 2016 £ | 2015 £ |
|---|------|----------------------|--------------------|
| Cash flows from operating activities | | | |
| Profit for the financial year | | 6,181,556 | 2,247,660 |
| <i>Adjustments for:</i> | | | |
| Impairment of tangible assets | | 1,508,292 | – |
| Fair value adjustment of investment property | | – | 895,017 |
| Share of loss of joint ventures | | 120 | 299 |
| Other interest receivable and similar income | | (92,866) | (699,865) |
| Interest payable and similar charges | | 2,640,269 | 4,350,167 |
| Loss/(gains) on disposal of tangible assets | | 77,693 | (6,000,000) |
| Tax on profit on ordinary activities | | (405,061) | (32,600) |
| Accrued (income)/expenses | | (12,242,490) | 1,416,870 |
| <i>Changes in:</i> | | | |
| Stocks | | 245,000 | 5,440,451 |
| Trade and other debtors | | 52,272,140 | (4,045,770) |
| Trade and other creditors | | 62,331,719 | 111,490 |
| Provisions and employee benefits | | (5,000,000) | – |
| Cash generated from operations | | 107,516,372 | 3,683,719 |
| Interest paid | | (2,640,269) | (4,350,167) |
| Interest received | | 92,866 | 699,865 |
| Tax paid | | – | (27) |
| Net cash from operating activities | | <u>104,968,969</u> | <u>33,390</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible assets | | (34,207) | (323,395) |
| Proceeds from sale of tangible assets | | 42,835,235 | 6,161,364 |
| Net cash from investing activities | | <u>42,801,028</u> | <u>5,837,969</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | (148,048,043) | (7,241,583) |
| Proceeds from loans from participating interests | | (499,965) | 8,552 |
| Net cash used in financing activities | | <u>(148,548,008)</u> | <u>(7,233,031)</u> |
| Net decrease in cash and cash equivalents | | (778,011) | (1,361,672) |
| Cash and cash equivalents at beginning of year | | 1,270,723 | 2,632,395 |
| Cash and cash equivalents at end of year | 17 | <u>492,712</u> | <u>1,270,723</u> |

The notes on pages 14 to 29 form part of these financial statements.

Donegall Place Invest Limited

Notes to the Financial Statements

Year ended 30 September 2016

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Aisling House, 50 Stranmillis Embankment, Belfast, BT9 5FL.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the fact that the group had net current liabilities of £153,742,767 and net shareholders' deficiency of £96,140,172 at the year end.

After the balance sheet date the company's director has successfully renegotiated the refinance of the company and group's debt with its main lender. It has also obtained support from its group companies. The ability of the company to continue as a going concern depends on the continued support of the group's lenders, including the renewal of banking facilities, and the ability of the group to deal with the market and commercial uncertainties outside of its control.

The director has considered future financial projections and future cash flow requirements and is of the opinion that at the time of approving the financial statements, the group will continue in operational existence for the foreseeable future. Accordingly the director considers it appropriate that the financial statements for the year ended 30 September 2016 be prepared on the going concern basis.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 October 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 28.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Donegall Place Invest Limited and all of its subsidiary undertakings.

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

3. Accounting policies *(continued)*

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Turnover represents the total amounts derived from rentals receivable on lettings to third party tenants and from the sale of trading property. Turnover from rentals accrues on a time basis by reference to the agreements entered; turnover from property sales is recognised on the date of completion.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

3. Accounting policies *(continued)*

Goodwill on Consolidation - over its estimated useful life

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

3. Accounting policies *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Debt instruments are subsequently measured at amortised cost. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Turnover

Turnover arises from:

| | 2016 | 2015 |
|------------------------|------------------|-------------------|
| | £ | £ |
| Rental Income | 6,106,841 | 7,222,313 |
| Service Charge Income | 895,656 | 1,319,302 |
| Car Park Income | 536,796 | 576,093 |
| Trading Property Sales | — | 4,063,500 |
| | <u>7,539,293</u> | <u>13,181,208</u> |

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

5. Operating profit

Operating profit or loss is stated after charging:

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Impairment of tangible assets recognised in: | | |
| Administrative expenses | 1,508,292 | 1,056,382 |
| Loss/(gains) on disposal of tangible assets | 77,693 | (6,000,000) |
| Loss/(Gain) on disposal of other debtor | (1,129,160) | - |
| Impairment of trade debtors | <u>500,632</u> | <u>662,746</u> |

6. Auditor's remuneration

| | 2016 £ | 2015 £ |
|--|---------------|---------------|
| Fees payable for the audit of the financial statements | <u>37,000</u> | <u>33,400</u> |

7. Staff costs

The average number of persons employed by the group during the year, including the director, amounted to:

| | 2016 No. | 2015 No. |
|----------------------|-------------|-------------|
| Administrative staff | 4 | 4 |
| Management staff | 3 | 3 |
| Number of directors | <u>1</u> | <u>1</u> |
| | <u>8</u> | <u>8</u> |

The aggregate payroll costs incurred during the year, relating to the above, were:

| | 2016 £ | 2015 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 149,935 | 128,435 |
| Social security costs | <u>13,761</u> | <u>12,670</u> |
| | <u>163,696</u> | <u>141,105</u> |

8. Director's remuneration

The director's aggregate remuneration in respect of qualifying services for 2016 was £nil (2015: £nil)

9. Interest payable and similar charges

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Interest on banks loans and overdrafts | <u>2,640,269</u> | <u>4,350,167</u> |

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

10. Tax on profit on ordinary activities

Major Components of tax income

| | 2016 £ | 2015 £ |
|--|------------------|-----------------|
| Deferred tax: | | |
| Origination and reversal of timing differences | (405,061) | (32,600) |
| Tax on profit on ordinary activities | <u>(405,061)</u> | <u>(32,600)</u> |

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Profit on ordinary activities before taxation | <u>5,776,495</u> | <u>2,215,060</u> |
| Profit on ordinary activities by rate of tax | 1,155,299 | 443,012 |
| Effect of expenses not deductible for tax purposes | (923,912) | (208,237) |
| Effect of capital allowances and depreciation | (11,218) | (90,638) |
| Utilisation of tax losses | 173,453 | (832,119) |
| Unused tax losses | 13,353 | 22,877 |
| Group Relief (Claimed)/surrendered | (113,869) | (152,886) |
| Fixed Charge Receiver Income | (293,106) | 817,991 |
| Origination and reversal of timing differences | (405,061) | (32,600) |
| Tax on profit on ordinary activities | <u>(405,061)</u> | <u>(32,600)</u> |

11. Profit for the year of the parent company

The profit for the financial year of the parent company was £nil (2015: £nil).

12. Intangible assets

| Group | Goodwill £ |
|-------------------------------|------------------|
| Cost | |
| At 1 Oct 2015 and 30 Sep 2016 | <u>2,250,896</u> |
| Amortisation | |
| At 1 Oct 2015 and 30 Sep 2016 | <u>2,250,896</u> |
| Carrying amount | |
| At 1 Oct 2015 and 30 Sep 2016 | <u>-</u> |

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

13. Tangible assets

| Group | Investment Property £ | Total £ |
|-------------------------------|-----------------------------|-------------------|
| Cost | | |
| At 1 October 2015 | 103,987,013 | 103,987,013 |
| Additions | 34,207 | 34,207 |
| Disposals | (42,912,928) | (42,912,928) |
| Impairment | (1,508,292) | (1,508,292) |
| At 30 September 2016 | 59,600,000 | 59,600,000 |
| Depreciation | | |
| At 1 Oct 2015 and 30 Sep 2016 | — | — |
| Carrying amount | | |
| At 30 September 2016 | 59,600,000 | 59,600,000 |
| At 30 September 2015 | 103,987,013 | 103,987,013 |
| Company | | |
| | Investment Property £ | Total £ |
| Cost | | |
| At 1 October 2015 | — | — |
| Additions | — | — |
| Disposals | — | — |
| Impairment | — | — |
| At 30 September 2016 | — | — |
| Depreciation | | |
| At 1 Oct 2015 and 30 Sep 2016 | — | — |
| Carrying amount | | |
| At 30 September 2016 | — | — |
| At 30 September 2015 | — | — |

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

13. Tangible assets *(continued)*

Tangible assets held at valuation

Revaluation of Fixed Assets (Group and Company)

Investment property is valued by the director on an open market value for existing use basis, having regard to any recent professional valuations and marketing material provided by external agents in respect of the sale of properties. The director is of the opinion that the market valuations of the investment property is not materially different from that shown in the accounts.

The historical cost of investment properties at 30 September 2016 was £77,081,358 (2015: £128,313,033).

Finance Costs

The aggregate amount of finance costs included in the cost of tangible fixed assets at the balance sheet date was £411,238 (2015: £466,958).

Company

The aggregate amount of finance costs included in the cost of tangible fixed assets at the balance sheet date was £nil (2015: nil).

The historical cost of investment properties at 30 September 2016 was £nil (2015: £nil).

14. Investments

| Group | Joint ventures £ |
|---------------------------------|---------------------|
| Share of net assets/cost | |
| At 1 October 2015 | (14,457) |
| Share of profit or loss | (120) |
| At 30 September 2016 | (14,577) |
| Impairment | |
| At 1 Oct 2015 and 30 Sep 2016 | — |
| Carrying amount | |
| At 30 September 2016 | (14,577) |
| At 30 September 2015 | (14,457) |

| Company | Group Companies £ | Joint Venture £ | Total £ |
|-------------------------------|-------------------------|-----------------------|------------|
| Cost | | | |
| At 1 Oct 2015 and 30 Sep 2016 | 2 | 0 | 2 |
| Impairment | | | |
| At 1 Oct 2015 and 30 Sep 2016 | — | — | — |

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

14. Investments *(continued)*

| Company | Group Companies £ | Joint Venture £ | Total £ |
|--|-------------------------|-----------------------|------------|
| Carrying amount At 1 Oct 2015 and 30 Sep 2016 | <u>2</u> | <u>0</u> | <u>2</u> |

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

| | Country of incorporation | Class of share | Percentage of shares held |
|------------------------------------|-----------------------------|-------------------|------------------------------|
| Subsidiary undertakings | | | |
| Donegall Place Investments Limited | Northern Ireland | Ordinary | 100 |
| Bow Street Mall Limited | Northern Ireland | Ordinary | 100 |
| St James Centre Limited | Northern Ireland | Ordinary | 100 |
| Sarcon (No. 197) Limited | Northern Ireland | Ordinary | 100 |

Bow Street Mall Limited, St. James Centre Limited and Sarcon (No. 197) Limited are wholly owned subsidiaries of Donegall Place Investments Limited.

Investments in associates and joint ventures

Summarised financial information of jointly controlled entities:

| | 2016 £ | 2015 £ |
|---------------------|-----------------|---------------|
| Current assets | 13,749 | 13,598 |
| Current liabilities | <u>(28,325)</u> | <u>28,055</u> |

Merset Properties Limited

The group holds a joint venture investment in Merset Properties Limited, a company incorporated in Northern Ireland and which was involved in property investment. Merset Properties Limited is now dormant. Donegall Place Investments Limited holds one ordinary £1 share, representing 50% of the issued share capital of the company, and participates equally in the decision making and control of the company. For the purposes of consolidation, accounts for Merset properties Limited have been used for the period to 31 December 2016.

15. Stocks

| | Group | | Company | |
|------------------|-----------|----------------|-----------|-----------|
| | 2016 £ | 2015 £ | 2016 £ | 2015 £ |
| Work in progress | <u>—</u> | <u>245,000</u> | <u>—</u> | <u>—</u> |

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

16. Debtors

| | Group | | Company | |
|---------------------------------|-------------------|-------------------|----------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Trade debtors | 2,202,548 | 1,950,693 | – | – |
| Prepayments and accrued income | 466,553 | 830,284 | – | – |
| Corporation tax repayable | 1 | 1 | – | – |
| Amounts owed by related parties | 4,440 | 20,891,814 | – | – |
| Other debtors | 21,242,027 | 52,514,917 | 4 | 4 |
| | <u>23,915,569</u> | <u>76,187,709</u> | <u>4</u> | <u>4</u> |

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

| | Group | | Company | |
|---------------------------------|----------------|-------------------|----------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Amounts owed by related parties | – | 20,887,374 | – | – |
| Prepayments and accrued income | 289,198 | 532,223 | – | – |
| Corporation tax repayable | 1 | 1 | – | – |
| | <u>289,199</u> | <u>21,419,598</u> | <u>–</u> | <u>–</u> |

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

| | 2016 | 2015 |
|--------------------------|----------------|------------------|
| | £ | £ |
| Cash at bank and in hand | 492,834 | 1,271,107 |
| Bank overdrafts | (122) | (384) |
| | <u>492,712</u> | <u>1,270,723</u> |

18. Creditors: amounts falling due within one year

| | Group | | Company | |
|------------------------------------|--------------------|--------------------|-------------------|--------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 111,770,418 | 259,554,095 | – | – |
| Trade creditors | 3,119 | 3,875 | – | – |
| Amounts owed to group undertakings | – | – | – | – |
| Amounts owed to related parties | 28,033 | 527,998 | – | – |
| Accruals and deferred income | 2,803,298 | 15,045,788 | – | – |
| Social security and other taxes | – | 188,954 | – | – |
| Other creditors | 63,546,302 | 1,024,873 | 2 | 2 |
| | <u>178,151,170</u> | <u>276,345,583</u> | <u>94,259,481</u> | <u>155,637,367</u> |

The bank loans and overdrafts are secured by a fixed charge over the properties owned by the group, a fixed charge over the other assets of the group and by assignments over the rental income of properties owned by the group.

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

19. Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---------------------------|------------------|------------------|----------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | <u>1,219,000</u> | <u>1,483,628</u> | <u>–</u> | <u>–</u> |

20. Provisions

| Group | Other Provisions £ | Deferred tax (note 21) £ | Total £ |
|-----------------------------|-----------------------|--------------------------------|----------------|
| At 1 October 2015 | 5,000,000 | 1,168,889 | 6,168,889 |
| Charge against provision | – | (405,061) | (405,061) |
| Provisions released | (5,000,000) | – | (5,000,000) |
| At 30 September 2016 | <u>–</u> | <u>763,828</u> | <u>763,828</u> |

| Company | Other Provisions £ |
|-----------------------------|-----------------------|
| At 1 October 2015 | – |
| Movement | – |
| At 30 September 2016 | <u>–</u> |

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

| | Group | | Company | |
|----------------------------------|----------------|------------------|----------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Included in provisions (note 20) | <u>763,828</u> | <u>1,168,889</u> | <u>–</u> | <u>–</u> |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | Group | | Company | |
|---|----------------|------------------|----------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | 763,828 | 1,201,489 | – | – |
| Deferred tax - Origination and reversal of timing differences | – | (32,600) | – | – |
| | <u>763,828</u> | <u>1,168,889</u> | <u>–</u> | <u>–</u> |

22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at fair value through profit or loss

| | Group | | Company | |
|--|-------------------|-------------------|----------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Financial assets measured at fair value through profit or loss | <u>23,475,175</u> | <u>75,797,864</u> | <u>4</u> | <u>4</u> |

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

22. Financial instruments *(continued)*

Financial liabilities measured at amortised cost

| | Group | | Company | |
|--|--------------------|--------------------|----------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Financial liabilities measured at amortised cost | <u>173,763,574</u> | <u>247,737,635</u> | <u>2</u> | <u>2</u> |

23. Called up share capital

Issued, called up and fully paid

| | 2016 | | 2015 | |
|----------------------------|----------|----------|----------|----------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>4</u> | <u>4</u> | <u>4</u> | <u>4</u> |

24. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | Group | | Company | |
|--|--------------|--------------|----------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Not later than 1 year | 3,340 | 4,009 | - | - |
| Later than 1 year and not later than 5 years | <u>-</u> | <u>3,341</u> | <u>-</u> | <u>-</u> |
| | <u>3,340</u> | <u>7,350</u> | <u>-</u> | <u>-</u> |

26. Contingencies

There exists an unlimited inter-company cross guarantee executed by Donegall Place Investments Limited, Bow Street Mall Limited and Beechdale Properties Limited, a related company, in relation to the companies' bank borrowings. There are also guarantees provided by these companies to a group company, Sarcon (No.197) Limited.

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

27. Related party transactions

Control

Mr P A McCormack is the sole shareholder of Donegall Place Invest Limited, and as such is considered to be the company's ultimate controlling party.

Transactions

The company has taken advantage of the exemption from disclosing related party transactions with group companies, in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Section 33, Related Party Disclosures.

Joint Venture Interest (Merset Properties Limited)

As referred to in note 14, Donegall Place Investments Limited holds a 50% interest in Merset Properties Limited. At 30 September 2016, a balance of £28,325 (2015: £28,033) which arose from cash transfers in prior years, was owed to Merset Properties Limited.

28. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 October 2014.

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

28. Transition to FRS 102 *(continued)*

Reconciliation of equity

| Group | 1 October 2014 | | | 30 September 2015 | | |
|--|------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|-------------------------------|
| | As previously stated £ | Effect of transition £ | FRS 102 (as restated) £ | As previously stated £ | Effect of transition £ | FRS 102 (as restated) £ |
| Fixed assets | 104,705,842 | – | 104,705,842 | 103,972,556 | – | 103,972,556 |
| Current assets | 80,463,162 | – | 80,463,162 | 77,703,812 | – | 77,703,812 |
| Creditors: amounts falling due within one year | (278,140,273) | – | (278,140,273) | (276,345,581) | – | (276,345,581) |
| Net current liabilities | (197,677,111) | – | (197,677,111) | (198,641,769) | – | (198,641,769) |
| Total assets less current liabilities | (92,971,269) | – | (92,971,269) | (94,669,213) | – | (94,669,213) |
| Creditors: amounts falling due after more than one year | (5,396,631) | – | (5,396,631) | (1,483,628) | – | (1,483,628) |
| Provisions | (6,201,489) | – | (6,201,489) | (6,168,889) | – | (6,168,889) |
| Net liabilities | (104,569,389) | – | (104,569,389) | (102,321,730) | – | (102,321,730) |
| Capital and reserves | (99,697,453) | – | (99,697,453) | (102,321,730) | – | (102,321,730) |

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

28. Transition to FRS 102 *(continued)*

Reconciliation of equity

| Company | 1 October 2014 | | | 30 September 2015 | | |
|---|---------------------------|---------------------------|----------------------------|---------------------------|---------------------------|----------------------------|
| | As previously stated £ | Effect of transition £ | FRS 102 (as restated) £ | As previously stated £ | Effect of transition £ | FRS 102 (as restated) £ |
| Fixed assets | 21,150,007 | – | 21,150,007 | 17,287,020 | – | 17,287,020 |
| Current assets | 72,048,948 | – | 72,048,948 | 74,829,739 | – | 74,829,739 |
| Creditors: amounts falling due within one year | (153,089,315) | – | (153,089,315) | (155,637,367) | – | (155,637,367) |
| Net current liabilities | (81,040,367) | – | (81,040,367) | (80,807,628) | – | (80,807,628) |
| Total assets less current liabilities | (59,890,360) | – | (59,890,360) | (63,520,608) | – | (63,520,608) |
| Provisions | (5,000,000) | – | (5,000,000) | (5,000,000) | – | (5,000,000) |
| Net liabilities | (64,890,360) | – | (64,890,360) | (68,520,608) | – | (68,520,608) |
| Capital and reserves | (62,988,122) | – | (62,988,122) | (68,520,608) | – | (68,520,608) |

Reconciliation of profit or loss for the year

| | Year ended 30 September 2015 | | |
|--|------------------------------|--|----------------|
| | As previously stated £ | Effect of FRS 102 (as transition) £ | restated) £ |
| Turnover | 13,181,208 | – | 13,181,208 |
| Cost of sales | (8,543,681) | – | (8,543,681) |
| Gross profit | 4,637,527 | – | 4,637,527 |
| Administrative expenses | (1,922,866) | 3,130,000 | 1,207,134 |
| Other operating income | 21,000 | – | 21,000 |
| Operating profit | 2,735,661 | 3,130,000 | 5,865,661 |
| Share of loss of joint ventures | (299) | – | (299) |
| Other interest receivable and similar income | 699,865 | – | 699,865 |
| Interest payable and similar charges | (4,350,167) | – | (4,350,167) |
| Tax on profit on ordinary activities | 32,600 | – | 32,600 |
| Profit for the financial year | (882,340) | 3,130,000 | 2,247,660 |

Donegall Place Invest Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2016

28. Transition to FRS 102 *(continued)*

In accordance with FRS 102, the revaluation reserve relating to investment properties was transferred to the profit and loss account at the date of transition. All movements in the valuation of investment properties since this date have been debited /(credited) to the profit and loss account as fair value adjustments, along with any associated movements in deferred taxation, as though FRS 102 has always applied.