

Parabola Capital LLP
Financial statements
31 March 2016



Parabola Capital LLP

Financial statements

Year ended 31 March 2016

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Parabola Capital LLP

Designated members and advisors

Designated members

Parabola Land Limited
Oliver James Millican

Registered office

Parabola Capital LLP
Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants
& Statutory Auditors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Parabola Capital LLP

Members' report for the year ended 31 March 2016

Principal activities

The principal activity of the business is to manage the portfolio with the objective of maximising capital value, and to optimise net operating income from rentals.

Designated members

The following were designated members during the year and up to the date of signing:

Parabola Land Limited
Oliver James Millican

Policy for drawings, subscription and repayment of members' capital

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business. There were no transfers of members' interests from equity to debt (and vice versa) during the year and up to the date the financial statements were approved. The policy for drawings, subscription and the repayment of members' capital is stated in the members' agreement.

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

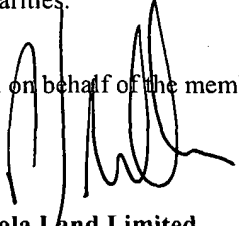
Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 ("the Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have prepared the partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), and applicable law). Under company law as applied to limited liability partnerships the members 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 partnership and of the profit or loss of the partnership for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

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

Signed on behalf of the members



Parabola Land Limited
Designated member

15 November 2016

Parabola Capital LLP

Strategic Report for the year ended 31 March 2016

Review of the business

Turnover for the financial year is £4.8m (2015: £6.3m), with a profit of £13.8m (2015: £11.8m).

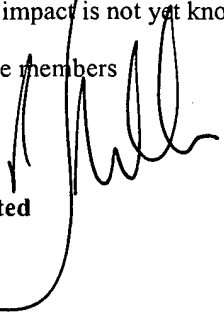
Forward Outlook

The company intends to realise the majority of the existing investment portfolio in the short term with a view to consider medium term reinvestment when market conditions are favourable.

Principal risks and uncertainties

Volatility in the property market is a key risk, and the business could be subject to variations in the value of the portfolio, and the timing of property sales. The outcome of the EU referendum could also affect volatility, although any possible impact is not yet known.

Signed on behalf of the members



Parabola Land Limited
Designated member
15 November 2016

Parabola Capital LLP

Independent auditors' report to the members of Parabola Capital LLP

Report on the financial statements

Our opinion

In our opinion, Parabola Capital LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2016 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.
-

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 March 2016;
- the Income statement and Statement of other comprehensive income for the year then ended;
- the Statement of changes in members' equity for the year then ended;
- the Statement of accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

As explained more fully in the Statement of members' responsibilities set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Parabola Capital LLP

Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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.

Bill MacLeod

Bill MacLeod (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
15 November 2016

Parabola Capital LLP

Income statement

Year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	1	4,832,933	6,291,308
Administrative expenses		(3,891,510)	(5,158,586)
Profit on disposal of investment property		7,285,934	3,135,032
Fair value gain on investment property		8,526,652	10,818,876
Fair value loss on interest rate options		(121,089)	(394,038)
Profit on ordinary activities before interest and taxation	2	16,632,920	14,692,592
Interest receivable and similar income	4	41,131	1,540
Interest payable and similar charges	5	(924,135)	(1,316,178)
Interest payable to members	5	(1,771,506)	(1,418,864)
Profit for the financial year before members' remuneration and profit shares		13,978,410	11,959,090
Members' remuneration charged as an expense		(138,915)	(132,300)
Profit for the financial year available for division among members		<u>13,839,495</u>	<u>11,826,790</u>

All amounts relate to continuing operations.

If profit for the financial year attributable to members had been disclosed at its historical cost equivalent it would have been £15,190,663 (2015: £1,319,143).

Statement of other comprehensive income for the year ended 31 March 2016

	2016 £	2015 £
Profit for the financial year	13,839,495	11,826,790
Total comprehensive income for the year	<u>13,839,495</u>	<u>11,826,790</u>

The accounting policies and notes on pages 9 to 16 form part of these financial statements.

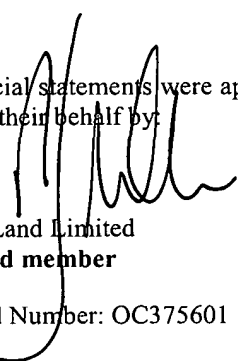
Parabola Capital LLP

Statement of financial position

as at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investment property	8	42,592,188	76,118,231
		<u>42,592,188</u>	<u>76,118,231</u>
Current assets			
Debtors	9	2,277,263	2,307,745
Cash at bank and in hand		1,640,563	1,208,835
		<u>3,917,826</u>	<u>3,516,580</u>
Creditors: Amounts falling due within one year	10	<u>(5,419,554)</u>	<u>(4,896,220)</u>
Net current liabilities		<u>(1,501,728)</u>	<u>(1,379,640)</u>
Total assets less current liabilities		<u>41,090,460</u>	<u>74,738,591</u>
Creditors: Amounts falling due after more than one year	11	<u>(32,066,724)</u>	<u>(64,666,674)</u>
Net assets attributable to members		<u>9,023,736</u>	<u>10,071,917</u>
Represented by:			
Members' other interests			
Members' capital	12	10,000	10,000
Other reserves	12	9,013,736	10,061,917
Total members' interests		<u>9,023,736</u>	<u>10,071,917</u>

The financial statements were approved by the members and authorised for issue on 15 November 2016 and are signed on their behalf by:


Parabola Land Limited
Designated member

Registered Number: OC375601

The accounting policies and notes on pages 9 to 16 form part of these financial statements.

Parabola Capital LLP

Statement of changes in members' equity

Year ended 31 March 2016

	Members' capital	Other reserves	Total
	£	£	£
At 1 April 2014	10,000	406,800	416,800
Profit for the financial year	-	11,826,790	11,826,790
Drawings	-	(2,171,673)	(2,171,673)
	<hr/>	<hr/>	<hr/>
At 31 March 2015	10,000	10,061,917	10,071,917
Profit for the financial year	-	13,839,495	13,839,495
Drawings	-	(14,887,676)	(14,887,676)
	<hr/>	<hr/>	<hr/>
At 31 March 2016	<u>10,000</u>	<u>9,013,736</u>	<u>9,023,736</u>

The accounting policies and notes on pages 9 to 16 form part of these financial statements

Parabola Capital LLP

Accounting policies

Year ended 31 March 2016

Statutory Information

Parabola Capital LLP is a limited liability partnership domiciled in England and Wales, registration number OC375601. The registered office is Broadgate Tower, 20 Primrose Street, London, England, EC2A 2EW.

Basis of preparation

These financial statements are prepared on the going concern basis, in accordance with the Companies Act 2006 as applied to Limited Liability Partnerships and applicable accounting standards in the United Kingdom including Financial Reporting Standard 102 ('FRS 102') and the requirements of Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (SORP) (revised 2014). The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis for certain financial instruments and fixed assets.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 16 for an explanation of the transition. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The financial statements are presented in Sterling (£).

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the entity's members.

The LLP has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the financial statements of Parabola Property Limited, includes the LLP's cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and
- (iii) from disclosing the LLP key management personnel compensation, as required by FRS 102 paragraph 33.7.

Turnover

Parabola Capital LLP operates one class of business, that of an LLP in the United Kingdom. Turnover represents rental and service charge income from the letting of industrial space excluding value added tax. Turnover relates entirely to the United Kingdom and is recognised on the accruals basis.

Rental expenses

For leases commencing before 1 April 2015, the LLP has taken advantage of the choice to continue with existing UK GAAP spreading afforded to them by FRS 102 of recognising rental expenses, including pre letting costs and rent free periods, on a straight line basis over the term of the lease until the first break. For leases commencing on or after this date, the LLP recognises these rental expenses on a straight line basis over the total lease term.

Intangible fixed assets and amortisation

Amortisation is calculated so as to write off the cost of an asset over the useful economic life of that asset.

Freehold investment properties

Properties held for investment and included in fixed assets are stated in the balance sheet at fair value at the balance sheet date. The aggregate surplus or deficit arising on revaluation is recognised in the income statement. Investment properties are revalued annually by the members, with an external independent valuation performed in accordance with the RICS Valuation and Appraisal manual every 5 years.

Parabola Capital LLP

Accounting policies

Year ended 31 March 2016 (continued)

Capital

The capital requirements of the LLP are determined from time to time by the members, following recommendations from management. Oliver James Millican is not obliged to contribute any more than the initial capital subscribed to. Parabola Land Limited is required to make available additional capital up to a limit of £45 million on which it has an annual preferred right to profit, subject to the availability of income profits, equal to 5% of the additional capital provided.

Accrued income

This includes the income earned during the financial year but invoiced in the subsequent financial year.

Deferred income

This includes the income invoiced during the financial year but relating to a subsequent financial year.

Parabola Capital LLP

Notes to the financial statements

Year ended 31 March 2016

1. Turnover

All turnover arises within the United Kingdom and relates to amounts receivable for property disposals and rental income.

2. Profit on ordinary activities before interest and taxation

Profit on ordinary activities before interest and taxation is stated after charging

	2016	2015
	£	£
Auditors' remuneration – audit fees	8,176	7,625
Auditors' remuneration – for other services	20,692	21,470

3. Employees

The LLP is managed by the members. The LLP had no employees in the year (2015: nil).

Employees of Parabola Land Limited administer the affairs of Parabola Capital LLP and a portion of their salaries are recharged accordingly. The amounts recharged were;

	2016	2015
	£	£
Wages and salaries	469,811	236,568
Social security costs	53,726	26,496
Pension costs	24,985	3,161
Other benefits	7,167	4,430

4. Interest receivable and similar income

	2016	2015
	£	£
Bank interest receivable	41,131	1,540

5. Interest payable and similar charges

	2016	2015
	£	£
Interest payable	924,135	1,316,178
Interest payable to members	1,771,506	1,418,864
	2,695,641	2,735,042

6. Taxation

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP, as the relevant income tax is the responsibility of the individual members.

Parabola Capital LLP

Notes to the financial statements

Year ended 31 March 2016

7. Members' profit share

Profits are shared among the members each year in accordance with agreed profit sharing arrangements disclosed in the members report.

	2016 No	2015 No
The average number of members during the year was	<u>2</u>	<u>2</u>

8. Investment property

	Freehold Investment Property £
Fair value	
At 1 April 2015	76,118,231
Additions	4,415,312
Disposals	(46,468,007)
Net gains from fair value adjustments	8,526,652
Transfers	-
At 31 March 2016	<u>42,592,188</u>
At 31 March 2015	<u>76,118,231</u>

Investment properties are revalued annually by the members, with an external independent valuation performed in accordance with the RICS Valuation and Appraisal manual every 5 years.

The revaluation of freehold investment properties was performed in 2016 by the members. The valuation basis is the forecast exit price discounted to reflect risk. On a historical cost basis the freehold investment property would be included at £33,274,266 (2015: £65,299,353).

9. Debtors

	2016 £	2015 £
Trade debtors	496,898	316,101
Amounts owed by group undertakings	1,177,575	161,781
Other debtors	495,087	1,288,322
Prepayments and accrued income	107,703	541,541
	<u>2,277,263</u>	<u>2,307,745</u>

Parabola Capital LLP

Notes to the financial statements

Year ended 31 March 2016

10. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	202,181	756,740
Amounts owed to group undertakings	29,381	—
Taxation and social security	1,341,383	—
Other creditors	120,362	323,659
Interest payable to Parabola Land Limited	3,025,947	2,254,441
Accruals and deferred income	700,300	1,561,380
	<u>5,419,554</u>	<u>4,896,220</u>

11. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans and overdrafts	—	29,332,674
Amounts due to members	32,066,724	35,334,000
	<u>32,066,724</u>	<u>64,666,674</u>

On 11 September 2015, the bank loan was fully repaid. The bank loan was secured over the industrial property portfolio and was held on a joint and several basis with Parabola Industrial Estates Limited and Parabola Property Limited. The loan was repayable in instalments commencing in December 2017. Interest was payable on the loan at 3 month LIBOR plus a 3% margin.

The amounts due to members represents additional capital contributed by Parabola Land Limited under the terms set out in the Members Agreement and carries an annual preferred right to profit, subject to the availability of income profits, equal to 5% of the additional capital provided. The additional capital is repayable on 24 October 2032.

Parabola Capital LLP

Notes to the financial statements

Year ended 31 March 2016

12. Total members' interests

	Members' capital £	Other reserves £	Amounts due to/(from) members £	Total members' interests £
Balance as at 1 April 2015	10,000	10,061,917	37,588,441	47,660,358
Profit available for division among members	-	13,978,410	-	13,978,410
Members' interests after profit for the year	10,000	24,040,327	37,588,441	61,638,768
Allocated profits	-	(138,915)	138,915	-
Capital repaid	-	-	(3,267,276)	(3,267,276)
Interest on capital	-	-	1,771,506	1,771,506
Interest on capital repaid	-	-	(1,000,000)	(1,000,000)
Drawings	-	(14,887,676)	(138,915)	(15,026,591)
At 31 March 2016	10,000	9,013,736	35,092,671	44,116,407

Allocated profits relate to members' priority fixed profit shares charged as an expense during the year.

Profit attributable to the member with the largest entitlement is £11,071,596 (2015: £1,061,353).

13. Capital commitments

The aggregate capital commitments for the company to purchase, construct or develop investment property, for repairs, maintenance or enhancements, or for the purchase of investments which are contracted for but not provided, are set out below:

	2016 £	2015 £
Development and other capital expenditure	<u>675,552</u>	<u>3,466,815</u>

Parabola Capital LLP

Notes to the financial statements

Year ended 31 March 2016

14. Related party transactions

At 31 March 2016, the LLP owed £nil (2015: £nil) to the Parabola Estates Limited, related parties by virtue of common influence. The interest accrued in the year was £nil (2015: £272,883), capital advanced was £nil, (2015: £ nil), capital repayments were £nil (2015: £7,500,000) and interest payments were £nil (2015: £286,074).

Administrative expenses of £5,928 (2015: £5,107) were recharged to Parabola Property Limited. The year end balance was £29,381 creditor (2015: £2,035).

Administrative expenses of £45,000 (2015: £14,585) were recharged to Parabola Land Limited. Administrative expenses of £428,404 (2015: £187,374), wages and salaries costs of £469,811 (2015: £236,568), social security costs of £53,726 (2015: £26,496), and other staff costs of £32,152 (2015: £278,566) were recharged from Parabola Land Limited in relation to administrative staff. The year end balance was £1,040,504 (2015: £177,571).

Administrative expenses of £6,562 (2015: £15,418) were recharged to Parabola Industrial Estates Limited. The year end balance was £91,689 (2015: £22,417).

15. Ultimate controlling parties

The immediate parent undertaking is Parabola Property Limited. Parabola Property Limited prepares publicly available consolidated financial statements and the results of the LLP are included in the consolidation.

The members consider that the ultimate controlling parties of the LLP are the trustees of Huddersfield Trust, Property Equity Trust and London and Paris Trust by virtue of the shares held by them in the LLP's parent entity, Parabola Land Limited.

16. Transition to FRS 102

The LLP has adopted FRS 102 for the year ended 2016 and has restated the comparative prior year amounts. This is the first year that the LLP has presented its results under FRS 102. The last financial statements under old UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between old UK GAAP as previously reported and FRS 102.

Explanations

Changes for FRS102 adoption

1. Changes in the fair value of investment properties are now recognised in the income statement. Previously, changes were recognised in a separate asset revaluation reserve in the statement of financial position.
2. Interest rate options are now recognised at fair value at the end of the year with changes in fair value recognised in the income statement. Previously, the purchase price of interest rate options were amortised on a straight line basis to the income statement under interest payable and similar charges.
3. For leases commencing before transition to FRS 102, the LLP has taken advantage of the choice to continue with existing UK GAAP spreading afforded to them by FRS 102. Therefore no adjustments to prior year amounts in respect of rental expenses, including rent free periods, are required.

Parabola Capital LLP

Notes to the financial statements

Year ended 31 March 2016

16. Transition to FRS 102 (continued)

Transition to FRS 102 - reconciliations

	Explanation	2015 £	2014 £
Restated statement of financial position as at 31 March 2015			
Original members' equity		10,221,703	255,357
Investment property at fair value to income statement	1	10,818,876	-
Removal of asset revaluation reserve	1	(10,818,876)	-
Fair value interest rate options from amortised book value	2	(149,786)	161,443
Restated members' equity		<u>10,071,917</u>	<u>416,800</u>

	Explanation	2015 £	2014 £
Restated income statement for the year ended 31 March 2015			
Original profit for the financial year		1,319,143	323,996
Investment property at fair value to income statement	1	10,818,876	-
Fair value interest rate options from amortised book value	2	(311,229)	161,443
Reallocate current year amortisation interest rate options to fair value	2	(82,809)	(14,521)
Reallocate current year amortisation interest rate options from interest payable	2	82,809	14,521
Restated profit for the financial year		<u>11,826,790</u>	<u>485,439</u>

17. Events after the End of the Reporting Period

Two investment property were sold after the end of the reporting date; a property sold on 10 June 2016 for net proceeds of £2.7m, and another property sold on 7 July for net proceeds of £9.4m.