

Partnership No. OC389454 (England and Wales)

**ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**



# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## PARTNERSHIP INFORMATION

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<b>Designated members</b>	Castle Real Estate Investments Co. Limited Stichting Depository APG Strategic Real Estate Pool
<b>Member</b>	Kintyre Corp
<b>Partnership number</b>	OC389454
<b>Date of incorporation</b>	Tuesday, 26 November, 2013
<b>Registered office</b>	Lansdowne House Berkeley Square London W1J 6ER
<b>Auditors</b>	Ernst & Young LLP 1 More London Place London SE1 2AF

# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

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# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## DESIGNATED MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The members present their report and financial statements for the year ended 31 March 2016.

### Principal activity

The principal activity of the Partnership is that of property investment and development.

### Going concern

The financial statements have been prepared on a going concern basis. The Partnership has net current assets and net assets. The Partners forecast that the Partnership will have sufficient funds to meet its liabilities as they fall due for a period of at least one year from the date of signing the financial statements.

### Principal risks and uncertainties and key performance indicators

In the opinion of the members, the major risks faced by the business relate to fluctuations in the property market and the movement of LIBOR. The members believe that the quality of their property and the development largely protects the Partnership from general movements in this market.

The Partnership's key performance indicators are:

	2016	2015
	£	£
Net assets	61,393,344	56,826,748
(Loss)/profit after tax	(1,101,484)	11,867,888

### Designated members

The following designated members have held office since 1 April 2015:

Castle Real Estate Investments Co. Limited  
Stichting Depository APG Strategic Real Estate Pool

### Members

The following members have held office since 1 April 2015:

Kintyre Corp

### Disclosure of information to auditors

The designated members who were members of the Partnership at the time of approving the Designated Members' report are shown above. Having made enquiries of the Partnership's auditors, the designated members confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of its report of which the auditors are not aware; and
- the member has taken all the steps he may reasonably be expected to have taken to be aware of relevant audit information and to establish that the Partnership's auditors are aware of this information.

### Post Balance Sheet Events

The members note the uncertainty, and consequential volatility in the property and capital markets, since the UK voted to leave the European Union in the 23 June referendum. This uncertainty may have an impact on UK property valuations in future periods. These uncertainties are not reflected in the balance sheet as at 31 March 2016.

### Auditors

Ernst & Young LLP were appointed auditors to the Partnership and a resolution proposing that they be reappointed will be put to the Annual General Meeting.

### Small Partnership's exemption

In preparing the report and financial statements, the members have taken advantage of the small partnerships' exemption provided under the Companies Act 2006. The members have also taken advantage of the exemption provided under Section 414B of the Companies Act 2006 from the requirement to produce a Strategic Report for the year.

On behalf of the board

.....  
Castle Real Estate Investments Co. Limited  
Leah K Scott  
Designated member

24 November 2016

# **ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP**

## **STATEMENT OF DESIGNATED MEMBERS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2016**

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The designated members are responsible for preparing the Designated Members' report and financial statements in accordance with applicable United Kingdom law and regulations.

The Companies Act 2006 as applied by the Limited Liability Regulations 2008 requires the designated members to prepare financial statements for each financial year. Under the law the designated members have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the designated 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 its profit and loss for that year.

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

- select suitable and appropriate accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The designated members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships Regulations (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

**FOR THE YEAR ENDED 31 MARCH 2016**

We have audited the financial statements of Elephant and Castle LLP for the year ended 31 March 2016 which comprise the Group and LLP Income Statement, the Group and LLP Statement of Financial Position, the Group and LLP Statement of Comprehensive Income and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the members and auditor**

As explained more fully in the Designated Members' Responsibilities Statement 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). 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Designated Members' 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.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and LLP's affairs as at 31 March 2016 and of their loss 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.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime and take advantage of the small limited liability partnerships' exemption from the requirements to prepare a Strategic Report and take advantage of the small limited liability partnerships' exemption in preparing the directors' report.



Matthew Williams (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

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**ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP**  
**GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £	2015 £
Turnover	1.6	4,905,439	5,541,082
Cost of Sales		(2,044,590)	(2,191,576)
Gross profit		2,860,849	3,349,506
Administrative expenses		(1,121,426)	(872,638)
(Loss)/gain on fair value of investment property under construction		(609,632)	12,357,106
Operating profit		1,129,791	14,833,974
Interest receivable and similar income	3	2,066	3,921
Interest payable and similar charges	4	(2,408,303)	(2,310,720)
Gain/(loss) on fair value of derivative		176,228	(515,386)
(Loss)/profit on ordinary activities before taxation		(1,100,218)	12,011,789
Tax	6	(1,266)	(143,901)
(Loss)/profit for the year before member's remuneration and profit shares		(1,101,484)	11,867,888
Member's remuneration charged as an expense		-	(26,168)
Result for the financial year available for discretionary division among members		(1,101,484)	11,841,720

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

The Group has no comprehensive income other than the results for the year as set out above.

# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## LLP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

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		2016	2015
	Notes	£	£
Turnover	1.6	-	-
Cost of Sales		-	-
Gross profit		-	-
Administrative expenses		(19,377)	(25,702)
Interest receivable and similar income	3	6	2,263
Loss on ordinary activities before taxation		(19,371)	(23,439)
Taxation	6	-	-
Loss for the year before member's remuneration and profit shares available for discretionary division among members		(19,371)	(23,439)

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The income statement has been prepared on the basis that all operations are continuing.

## STATEMENT OF COMPREHENSIVE INCOME

There are no recognised gains and losses other than those arising in the income statement.



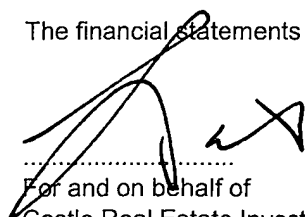
# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## GROUP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	7	100,000,000	95,000,000
<b>Current assets</b>			
Debtors	9	1,801,358	953,829
Prepayments		333,210	393,517
Cash at bank and in hand		3,469,533	3,694,399
		<u>5,604,101</u>	<u>5,041,745</u>
<b>Creditors: amounts falling due within one year</b>	10	(4,206,608)	(3,359,853)
<b>Net current assets</b>		<u>1,397,493</u>	<u>1,681,892</u>
<b>Total assets less current liabilities</b>		101,397,493	96,681,892
<b>Creditors: amounts falling due after more than one year</b>	11	(40,004,149)	(39,855,144)
		<u>61,393,344</u>	<u>56,826,748</u>
<b>Net assets attributable to members</b>		<u>61,393,344</u>	<u>56,826,748</u>
<b>Represented by:</b>			
Members' capital - classified as equity	12	52,000,000	47,000,000
Members' non-distributable reserves - classified as equity	12	9,393,344	9,826,748
		<u>61,393,344</u>	<u>56,826,748</u>
<b><u>Total members' interests</u></b>			
Members' capital contribution - classified as equity	12	52,000,000	47,000,000
Members' non-distributable reserves - classified as equity	12	9,393,344	9,826,748
Amounts due to members -distributions account	12	448,047	1,116,127
		<u>61,841,391</u>	<u>57,942,875</u>

These accounts have been prepared under the special provisions applicable to companies subject to the small LLPs regime.

The financial statements were approved by the Board on 24 November 2016



For and on behalf of  
Castle Real Estate Investments Co. Limited  
Leah K Scott  
Designated member


# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## LLP STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	7	1	1
<b>Current assets</b>			
Debtors	9	51,109,968	44,849,233
Cash at bank and in hand		863,322	2,142,128
		<u>51,973,290</u>	<u>46,991,361</u>
<b>Creditors: amounts falling due within one</b>	10	(16,101)	(14,801)
<b>Net current assets</b>		<u>51,957,189</u>	<u>46,976,560</u>
<b>Net assets attributable to members</b>		<u>51,957,190</u>	<u>46,976,561</u>
<b>Represented by:</b>			
Members' capital - classified as equity	12	52,000,000	47,000,000
Attributable loss	12	(42,810)	(23,439)
		<u>51,957,190</u>	<u>46,976,561</u>

These accounts have been prepared under the special provisions applicable to companies subject to the small LLPs regime.

The financial statements were approved by the Board on 24 November 2016

  
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For and on behalf of  
Castle Real Estate Investments Co. Limited  
Leah K Scott  
**Designated member**

# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

#### 1.1 Statement of compliance

Elephant and Castle LLP is a limited liability partnership, incorporated and domiciled in England and Wales, the registered office is 6th floor Lansdowne House, Berkeley Square, London, W1J 6ER.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group and the LLP for the year ended 31 March 2016.

The entity meets the criteria of a 'small entity' in accordance with Section 1A of the standards and has chosen to apply the small entities regime.

The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 16.

#### 1.2 Basis of preparation

The Group and the LLP financial statements of Elephant and Castle LLP for the year ended 31 March 2016 were approved and authorised for issue by the Board on behalf of the members on 24 November 2016. The financial statements are prepared in Sterling which is the functional currency of the Group.

#### 1.3 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March each year.

The results of subsidiaries acquired or sold during the year are included in the income statement from, or up to, the date control passes. No income statement is presented for the company as permitted by section 408 of the Companies Act 2006.

Entities in which the group holds an interest on a long term basis and are jointly controlled by the group and one or more joint ventures under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

#### *Judgements and key sources of estimation uncertainty*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### *Valuation of investment property under construction*

The fair value of investment property is determined by the Designated Members, having reference to a valuation prepared by a professional external valuer using recognised valuation techniques.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams and the overall repair and condition of the property) and the discount rates applicable to those assets. Future revenue streams, inter alia, comprise contracted rent (passing rent) and estimated rental income (ERV) after the contract period. In estimating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting date.

#### *Taxation*

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

#### 1.4 Going concern

The financial statements have been prepared on a going concern basis. The Partnership has net current assets and net assets. The Partners forecast that the Partnership will have sufficient funds to meet its liabilities as they fall due for a period of at least one year from the date of signing the financial statements.

#### 1.5 Cash flow statement

The Group has taken advantage of the exemption in FRS 102 Section 1A.8 from the requirement to produce a cash flow statement on the grounds that it is a small partnership.

#### 1.6 Turnover

The total turnover for the year represents rental income recognised on a straight line basis that arises in the United Kingdom.

#### 1.7 Taxation

Income tax payable on the LLP's profit is solely the personal liability of the members and consequently is not dealt with in these financial statements. The LLP is not taxed as a corporate entity.

Tax liabilities of entities within the group which are taxable are recorded in the profit and loss and the respective liability (if any) in the balance sheet.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total profit that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies (continued)

#### 1.7 Taxation (continued)

- provision is made for deferred tax that would arise on remittance of the retained earnings of joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates enacted or substantively enacted at the balance sheet date.

#### 1.8 Investment property under construction

Investment properties are initially included at their full cost in the financial statements once an irrevocable purchase contract has been entered into. The cost of investment properties is their purchase cost, together with any incidental costs of acquisition. In accordance with FRS 15 the Company has chosen to capitalise finance costs, including interest, directly attributable to construction costs.

Investment properties are then revalued annually on an open market basis by the Designated Members, having had reference to valuations carried out by appropriately qualified external valuers. Any revaluation surplus or deficit arising is transferred to the revaluation reserve except where the deficit is considered to be permanent. Permanent deficits are taken to the profit and loss account. No depreciation or amortisation is provided in respect of freehold investment properties.

Disposals are accounted for on completion. On disposal, any revaluation surplus previously recognised in the investment revaluation reserve is transferred to the profit and loss reserve.

#### 1.9 Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

#### 1.10 Financial instruments

The Group purchased an interest rate swap to manage interest rate risk. The value of the assets and liabilities are held at fair value through the income statement and statement of financial position are determined by using quoted prices. Where quoted prices are not available for derivatives the fair value has been calculated by discounting the expected future cash flows at the prevailing interest rates.

#### 1.11 Members' participations

Members' participation give rise to a number of rights, obligation and entitlements which result in the recognition by the firm of various assets, liabilities and residual interests in its net assets (i.e. equity) as set out below.

##### *Members' capital*

All Members' capital is introduced as capital contributions.

Members' capital, which is repayable only by approval by the Board or when it ceases to be a member.

##### *Allocation of profits and losses*

Profits and losses are allocated on a pro-rata basis by the number of units held by each member.

#### 1.12 Members' participations (continued)

##### *Members' interests*

Members' other interests include profits/loss to be divided and other equity reserves. In the event of winding up, members' other interests along with members's capital rank after unsecured creditors.

Total members' interests represents the Partnership's equity and members' capital, less amounts due from members.

#### 1.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

2	Operating profit/(loss) Is stated after charging:	2016	2015	2016	2015
		£	£	£	£
		Group	Group	LLP	LLP
	Auditors' remuneration	27,250	25,000	16,100	14,800
3	Interest receivable and similar income	2016	2015	2016	2015
		£	£	£	£
		Group	Group	LLP	LLP
	Bank interest	2,066	3,921	6	2,263
4	Interest payable and similar charges	2016	2015	2016	2015
		Group	Group	LLP	LLP
		£	£	£	£
	Bank loans	2,312,066	2,209,496	-	-
	Bank charges and other interest payable	96,237	101,224	-	-
		2,408,303	2,310,720	-	-

# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 5 Financial instruments

Elephant and Castle Properties Co. Limited, a wholly owned company of the Partnership entered into an interest rate swap to hedge its exposure to interest rate rises. The total debt subject to the interest rate swap is £40,000,000 with the fair value of the interest rate swap amounting to a liability of £339,158 (2015: £515,386). The movement in fair value is recognised through the income statement.

### 6 Taxation

#### (a) Analysis of tax charge for the year/period

	2016 Group £	2015 Group £	2016 LLP £	2015 LLP £
Current tax	-	-	-	-
UK income tax	-	-	-	-
Prior year adjustment	1,266	143,901	-	-
<b>Current tax charge</b>	<b>1,266</b>	<b>143,901</b>	<b>-</b>	<b>-</b>
<b>(b) Factors affecting the total tax charge for the year/period</b>				
(Loss)/profit on ordinary activities before tax	(1,100,218)	12,011,789	(19,371)	(23,439)
(Loss)/profit on ordinary activities before taxation multiplied by the basic rate of UK income tax of 20%	(220,044)	2,402,358	(3,874)	(4,688)
Effects of:				
Expenses not deductible for tax purposes	-	-	3,875	5,140
Non-taxable income	(555,434)	(492,836)	(1)	(452)
Unrelieved losses carried forward	618,534	445,712	-	-
Non deductible expenses	70,170	13,897	-	-
Effects of different rates of tax	94	(787)	-	-
Prior year adjustment	1,266	143,901	-	-
Temporary differences	(35,246)	103,077	-	-
Loss / (Gain) on fair value of investment property under construction	121,926	(2,471,421)	-	-
	<b>221,310</b>	<b>(2,258,457)</b>	<b>3,874</b>	<b>4,689</b>
<b>Total tax expense</b>	<b>1,266</b>	<b>143,901</b>	<b>-</b>	<b>1</b>

The group has an unrecognised deferred tax asset at 31 March 2016 in respect of losses carried forward of £988,672 (2015: £435,842), calculated using the basic rate of UK income tax of 20% and main rate of UK corporation tax of 18% (2015: 20%). The asset is not recognised since the directors do not consider that it is sufficiently certain that suitable taxable profits will arise in the Group against which the losses can be offset.

#### (c) Factors that may affect future tax charges

The Finance (No.2) Act 2015 was enacted on 18 November 2015, which introduced a reduction in the headline rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020.

### 7 Tangible assets

#### - Investment property in the course of construction

	2016 Group £	2015 Group £
At 1 April	95,000,000	80,000,000
Additions	5,609,632	2,642,894
Revaluation	(609,632)	12,357,106
<b>At 31 March</b>	<b>100,000,000</b>	<b>95,000,000</b>

Valuation of the Company's property is primarily performed at each period end by the Designated Members based on estimated sales prices of units, cost to complete such as construction costs, professional fees and finance costs. Key unobservable inputs into such valuation are the Sales price per square foot and cost per square foot.

	2016 LLP £	2015 LLP £
Investment in subsidiary undertaking	1	1

# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 8 Fixed asset investments

The principal subsidiaries of which the Partnership directly or indirectly holds 100% of the issued ordinary share capital are as follows:

<i>Subsidiary undertaking</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
Castle Properties Co. Limited	British Virgin Islands	Real estate investment
Elephant and Castle Properties Limited	England and Wales	Property company
Elephant and Castle Properties Co. Limited	British Virgin Islands	Real estate investment

On 1 June 2016 Elephant and Castle Properties (BVI) Co. Limited changed its name to Elephant and Castle Properties Co. Limited.

9 Debtors	2016 Group £	2015 Group £	2016 LLP £	2015 LLP £
Trade debtors	1,698,365	881,857	-	1,300
Other debtors	102,993	71,972	-	-
Other taxes and social security costs	-	-	-	161
Amounts due from subsidiary undertaking	-	-	51,109,968	44,847,772
	<u>1,801,358</u>	<u>953,829</u>	<u>51,109,968</u>	<u>44,849,233</u>
10 Creditors: amounts falling due within one year	2016 Group £	2015 Group £	2016 LLP £	2015 LLP £
Trade creditors	1,910,483	225,282	-	-
Accruals and deferred income	1,753,353	1,717,059	16,100	14,800
Other creditors	68,217	84,611	1	1
Other taxes and social security costs	26,508	216,774	-	-
Amounts due to members - distribution account	448,047	1,116,127	-	-
	<u>4,206,608</u>	<u>3,359,853</u>	<u>16,101</u>	<u>14,801</u>
11 Creditors: amounts falling due after more than one year	2016 Group £	2015 Group £	2016 LLP £	2015 LLP £
Bank loan (net of unamortised finance costs)	39,664,991	39,339,758	-	-
Derivative	339,158	515,386	-	-
	<u>40,004,149</u>	<u>39,855,144</u>	<u>-</u>	<u>-</u>
Bank loan maturity analysis:				
Less than one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	40,000,000	40,000,000	-	-
Unamortised finance costs	(335,009)	(660,242)	-	-
	<u>39,664,991</u>	<u>39,339,758</u>	<u>-</u>	<u>-</u>

The acquisition of the investment property was financed via a £40,000,000 loan facility bearing interest at LIBOR plus a margin of 3.5% with a maturity date of 7 April 2017, there is also an option to extend for a further year.

# **ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

### **12 Reconciliation of members' interests - Group**

	Members' Capital (classified as equity) £	Members' non-distributable reserves £	Total Equity £	Distributions account £	Total members interests £
Balance as at 1 April 2015	47,000,000	9,826,748	56,826,748	1,116,127	57,942,875
Loss for the year	-	(433,404)	(433,404)	(668,080)	(1,101,484)
Members' interest after loss for the year	47,000,000	9,393,344	56,393,344	448,047	56,841,391
Capital introduced by members	5,000,000	-	5,000,000	-	5,000,000
As at 31 March 2016	52,000,000	9,393,344	61,393,344	448,047	61,841,391

Units	1 April 2015	Units issued	31 March 2016
Castle Real Estate Investments Co. Limited	23,500,000	2,500,000	26,000,000
Stichting Depository APG Strategic Real Estate Pool	23,500,000	2,500,000	26,000,000
	47,000,000	5,000,000	52,000,000

### **Reconciliation of members' interests - LLP**

	Members' Capital (classified as equity) £	Attributable loss	Members' Other interests £	Total Equity/ members' interests £
Balance as at 1 April 2015	47,000,000	(23,439)	-	46,976,561
Loss for the year	-	(19,371)	-	(19,371)
Total comprehensive profit/(loss)	47,000,000	(42,810)	-	46,957,190
Members' interest after loss for the year	47,000,000	(42,810)	-	46,957,190
Capital introduced by members	5,000,000	-	-	5,000,000
As at 31 March 2016	52,000,000	(42,810)	-	51,957,190

### **13 Employees**

The Partnership did not have any employees during the year (2015: nil).  
The Designated Members and Members did not receive emoluments or fees from the Partnership for their duties as Members during the current year (2015: nil).

### **14 Related party transactions**

Bank charges and other interest payable (note 4) includes £96,237 (2015: £98,835) of interest payable to DV4 Limited, the ultimate parent of Castle Real Estate Investments Co. Limited.

### **15 Ultimate parent company**

There is no ultimate parent company because the Partnership is jointly owned and controlled by Castle Real Estate Investments Co. Limited and Stichting Depository APG Strategic Real Estate Pool. For the same reason, there are no smallest and largest group into which they are consolidated.

# ELEPHANT AND CASTLE LIMITED LIABILITY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 16 Transition to FRS 102

The Group transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2014. The impact from transition to FRS 102 only impacted the Group from 1 April 2014, there was no impact on the LLP.

	Reconciliation of net assets Group £
Balance at 1 April 2014 under previous UK GAAP	79,985,028
Fair value of derivative	-
Balance at 31 March 2014 under FRS 102	<u>79,985,028</u>
Balance at 1 April 2015 under previous UK GAAP	57,342,134
Fair value of derivative	(515,386)
Year ended 31 March 2015 under FRS 102	<u>56,826,748</u>

	Reconciliation of profit Group £
Year ended 31 March 2015 under previous UK GAAP	26,168
Fair value movement of derivative recognised through the P&L	(515,386)
Fair value movement of investment property under construction recognised through the P&L	12,357,106
Year ended 31 March 2015 under FRS 102	<u>11,867,888</u>

#### Derivative financial instrument

Derivative financial instruments are recorded on the balance sheet at fair value and accounted for as fair value through profit and loss. Under previous UK GAAP, these were recognised on an accruals basis or at contracted rates.

#### Valuation gains from property

The valuation gain from investments is recognised in the income statement. Under previous UK GAAP, this was recognised directly in equity under revaluation reserve. As per FRS 102 Appendix IV paragraph 428, the company transfers this out of distributions account to a Members' non-distributable reserve on an annual basis in order to identify the fair value movements that are not distributable.

### 17 Guarantees

As permitted by s479C of the Companies Act 2006 ('the Act'), the LLP has provided guarantees in respect of all outstanding liabilities relating to the year ended 31 March 2016 in respect of Elephant and Castle Properties Limited (Registered No: 04434716 and whose Registered Office address is at 6th Floor, Lansdowne House, Berkeley Square, London, W1J 6ER), which is exempt from the requirements of the Act relating to the audit of individual accounts.

### 18 Post balance sheet events

The directors note the uncertainty, and consequential volatility in the property and capital markets, since the UK voted to leave the European Union in the 23 June referendum. This uncertainty may have an impact on UK property valuations in future periods. These uncertainties are not reflected in the balance sheet as at 31 March 2016.