



# **Almacantar Limited**

## **Annual Report and Financial Statements**

**31 December 2013**

**Company Registration Number 7038904**

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**Almacantar Limited**Annual report and financial statements – 31 December 2013

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**Officers and professional advisors**

**Directors**

M R Hussey  
J R S Paul (appointed on 18 July 2013)  
M D Halcrow (resigned on 31 July 2013)

**Secretary**

L R Clarke

**Registered Office**

3 Quebec Mews  
London  
W1H 7NX

**Auditors**

Ernst & Young LLP  
1 More London Place  
LONDON  
SE1 2AF



## **Directors' Report**

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2013.

### *Principal activities, business review and future outlook*

The principal activity of the Company is the provision of advisory and administrative services to other group companies. Income will arise in due course as other group companies make property investments. The Company has also extended loans to other group companies on an arm's length basis.

The Company has performed in line with expectations, and the directors are satisfied with the position at the end of the year.

The accounts have been prepared on a going concern basis, as the directors intend the Company to continue its activities for the foreseeable future and are satisfied that the Company has access to the resources required.

The results for the Company show a pre-tax loss of £3,703,639 (2012: £3,065,785). The Company has net assets of £42,435,942 (2012: £16,139,581).

The directors do not propose a dividend for the year ended 31 December 2013 (2012: £nil).

### *Principal risks and uncertainties*

The principal risks faced by the Company relate to the progress of the property investment activities of other group companies. These are subject to general market conditions, and in particular to availability of finance and occupier demand.

### *Key Performance Indicators ("KPIs")*

Given the nature of the business, the Company's directors are of the opinion that the KPI for the performance and position of the business is profit or loss before tax. The result for the year is noted above.

### *Directors*

The Directors of the Company who served during the year are noted below:

M R Hussey

M D Halcrow (resigned on 31 July 2013)

J R S Paul (appointed on 18 July 2013)



## **Directors' report (continued)**

### *Directors' indemnities*

Directors of the Company are entitled to be indemnified by the Company against any liability, loss or expenditure incurred in connection with their duties, powers or office, to the extent permitted by statute. The appointments of directors of the Company do not provide for compensation for the loss of office that occurs because of takeover.

### *Payment policy*

It is the Company's policy, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers' when placing orders. Trade creditors as a proportion of amounts invoiced by suppliers represent 47 days (2012: 16 days).

## **Statement of Directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable United Kingdom laws and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirement in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and;
- Make an assessment of the Company's ability to continue as a going concern.

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



**Directors' report (continued)**

*Auditors and disclosure of information to auditors*

Ernst & Young LLP were appointed as auditors on 16 January 2012 and have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The accounts have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies, and as such there is no need to prepare a Strategic Report.

Signed on behalf of the Board

**L R Clarke**  
Secretary

3 Quebec Mews  
London  
W1H 7NX

14 May 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALMACANTAR LIMITED**

We have audited the financial statements of Almacantar Limited for the year ended 31 December 2013 which comprise the Income statement, Balance sheet, Statement of cash flows, Statement of changes in equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 directors and auditor**

As explained more fully in the Statement of Directors' responsibilities set out on pages 4-5, the directors 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements 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 company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 Directors' 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**

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; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in not preparing the Strategic Report.

A handwritten signature in black ink, appearing to read 'David Wilson', with a large, sweeping flourish extending from the end of the signature.

**David Wilson (Senior statutory auditor)**

**For and on behalf of Ernst & Young LLP, Statutory Auditor**

London

14 May 2014





## Income statement

Year ended 31 December 2013

|                              | Note | 2013<br>£          | 2012<br>£          |
|------------------------------|------|--------------------|--------------------|
| Fee income                   |      | 72,772             | --                 |
| Cost of sales                |      | 98,601             | (226,591)          |
| <b>Gross profit / (loss)</b> |      | <b>171,373</b>     | <b>(226,591)</b>   |
| Administrative expenditure   | 2    | (5,685,836)        | (3,508,163)        |
| <b>Operating loss</b>        |      | <b>(5,514,463)</b> | <b>(3,734,754)</b> |
| Finance income               | 3    | 2,290,077          | 979,800            |
| Finance expense              | 4    | (479,253)          | (310,831)          |
| <b>Loss before taxation</b>  |      | <b>(3,703,639)</b> | <b>(3,065,785)</b> |
| Taxation                     | 5    | --                 | --                 |
| <b>Loss for the year</b>     |      | <b>(3,703,639)</b> | <b>(3,065,785)</b> |

All activities during the current year are derived from continuing operations.

There are no other items of comprehensive income in the current year or prior year and therefore no statement of comprehensive income is shown.



## Balance sheet

31 December 2013

|   | Note | 2013<br>£          | 2012<br>£          |
|---|------|--------------------|--------------------|
| <b>Non-current assets</b>                                       |      |                    |                    |
| Loans receivable  | 6    | 36,906,629         | 15,000,000         |
| Property, plant and equipment                                   | 7    | 664,353            | 329,980            |
| Rent deposit  |      | 288,154            | 127,781            |
|   |      | <b>37,859,136</b>  | <b>15,457,761</b>  |
| <b>Current assets</b>   |      |                    |                    |
| Work-in-progress  |      | 6,498,065          | 2,595,062          |
| Trade and other receivables                                     | 8    | 1,182,187          | 367,278            |
| Cash and cash equivalents                                       |      | 5,262,903          | 235,422            |
|   |      | <b>12,943,155</b>  | <b>3,197,762</b>   |
| <b>Total Assets</b>   |      | <b>50,802,291</b>  | <b>18,655,523</b>  |
| <b>Current liabilities</b>                                      |      |                    |                    |
| Trade and other payables  | 9    | (1,123,219)        | (508,694)          |
| Amounts due to parent undertaking                               | 10   | (4,354,095)        | –                  |
|   |      | <b>(5,477,314)</b> | <b>(508,694)</b>   |
| <b>Non-current liabilities</b>                                  |      |                    |                    |
| Amounts due to parent undertaking                               | 10   | (2,889,035)        | (2,007,248)        |
|   |      | <b>(2,889,035)</b> | <b>(2,007,248)</b> |
| <b>Total Liabilities</b>  |      | <b>(8,366,349)</b> | <b>(2,515,942)</b> |
| <b>Net assets</b>   |      | <b>42,435,942</b>  | <b>16,139,581</b>  |
| <b>Equity</b>   |      |                    |                    |
| Share capital   | 13   | 54,000,000         | 24,000,000         |
| Retained earnings   |      | (11,564,058)       | (7,860,419)        |
| <b>Total equity attributable to shareholders of the company</b> |      | <b>42,435,942</b>  | <b>16,139,581</b>  |

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

The financial statements of Almacantar Limited, registered number 7038904, were approved by the Board of Directors on 14 May 2014.

Signed on behalf of the Board of Directors.



**M R Hussey**  
Director



**J R S Paul**  
Director



## Statement of cash flows

Year ended 31 December 2013

|   | 2013<br>£           | 2012<br>£           |
|---|---------------------|---------------------|
| <b>Operating activities</b>   |                     |                     |
| Loss before tax   | (3,703,639)         | (3,065,785)         |
| <b>Non-cash adjustments to reconcile loss before tax to net cash flows:</b> |                     |                     |
| Depreciation of other property, plant and equipment                         | 180,568             | 103,480             |
| Finance income  | (2,290,077)         | (979,800)           |
| Finance expense   | 479,253             | 310,831             |
| <b>Working capital adjustments:</b>   |                     |                     |
| (Increase) / decrease in trade and other receivables                        | (188,692)           | 937,566             |
| Increase in work-in-progress  | (3,903,003)         | (2,338,448)         |
| Increase / (decrease) in trade and other payables                           | 614,525             | (149,252)           |
|   | (8,811,065)         | (5,181,408)         |
| Interest received   | 1,663,860           | 745,048             |
| Interest paid   | (479,253)           | (310,831)           |
| <b>Net cash flows used in operating activities</b>                          | <b>(7,626,458)</b>  | <b>(4,747,191)</b>  |
| <b>Investing activities</b>   |                     |                     |
| Purchase of property, plant and equipment                                   | (514,941)           | (31,814)            |
| Payment of rent deposit   | (160,373)           | –                   |
| Loans to group companies  | (22,856,629)        | (15,000,000)        |
| Repayment of loans from group companies                                     | 950,000             | –                   |
| <b>Cash flows used in investing activities</b>                              | <b>(22,581,943)</b> | <b>(15,031,814)</b> |
| <b>Financing activities</b>   |                     |                     |
| Proceeds from issue of share capital  | 30,000,000          | 18,000,000          |
| Net increase / (decrease) in loans from group companies                     | 5,235,882           | (38,531,472)        |
| <b>Cash flows from / (used in) financing activities</b>                     | <b>35,235,882</b>   | <b>(20,531,472)</b> |
| <b>Net increase / (decrease) in cash and cash equivalents</b>               | <b>5,027,481</b>    | <b>(40,310,477)</b> |
| Cash and cash equivalents at 1 January                                      | 235,422             | 40,545,899          |
| <b>Cash and cash equivalents at 31 December</b>                             | <b>5,262,903</b>    | <b>235,422</b>      |



## Statement of changes in equity

Year ended 31 December 2013

|   | Share Capital     | Retained Earnings   | Shareholders' equity |
|---|-------------------|---------------------|----------------------|
|   | £                 | £                   | £                    |
| <b>Total equity at 1 January 2013</b>   | <b>24,000,000</b> | <b>(7,860,419)</b>  | <b>16,139,581</b>    |
| Loss for the year                       | –                 | (3,703,639)         | (3,703,639)          |
| Issue of share capital                  | 30,000,000        | –                   | 30,000,000           |
| <b>Total equity at 31 December 2013</b> | <b>54,000,000</b> | <b>(11,564,058)</b> | <b>42,435,942</b>    |

Year ended 31 December 2012

|   | Share Capital     | Retained Earnings  | Shareholders' equity |
|---|-------------------|--------------------|----------------------|
|   | £                 | £                  | £                    |
| <b>Total equity at 1 January 2012</b>   | <b>6,000,000</b>  | <b>(4,794,634)</b> | <b>1,205,366</b>     |
| Loss for the year                       | –                 | (3,065,785)        | (3,065,785)          |
| Issue of share capital                  | 18,000,000        | –                  | 18,000,000           |
| <b>Total equity at 31 December 2012</b> | <b>24,000,000</b> | <b>(7,860,419)</b> | <b>16,139,581</b>    |



## **Notes to the financial statements**

### **1. Accounting policies and basis of preparation**

The financial statements of Almacantar Limited have been prepared on a historical cost basis. The financial statements have been prepared on a going concern basis.

The functional currency of the Company is Sterling. The Company is domiciled and incorporated in the United Kingdom.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2013; IFRS 13 is the only standard that has had a material impact on the financial statements in terms of enhanced disclosure requirements.

- IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 13 Fair Value Measurement
- IAS 1 Financial Statement Presentation (amendment)
- IAS 12 Income Taxes (amendment)

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market.

IFRS 13 mainly impacts the disclosures of the Group. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. The disclosure requirements of IFRS 13 apply prospectively and need not be provided for comparative periods before initial application. Consequently, comparatives of these disclosures have not been provided.

At the date of approval of these financial statements, the following applicable Standards have been issued but are not yet effective, and have not been applied in these financial statements. These Standards are not currently expected to have any material impact on the Group's financial statements:

- IFRS 9 Financial Instruments: Classification and Measurement (not yet endorsed by the EU)
- IFRS 10 Consolidated Financial Statements (effective from 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2014)
- IAS 27 Separate Financial Statements (effective from 1 January 2014)
- IAS 32 Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)
- Improvements to IFRS (2010 – 2012) and (2011 – 2013)



## **Notes to the financial statements (continued)**

### *Judgements, estimates and assumptions*

When applying the Company's accounting policies, the Directors make judgements, estimates and assumptions which may affect the financial statements. The judgements, estimates and assumptions made in the preparation of the financial statements are considered to be reasonable. However, actual outcomes may differ from those anticipated.

### *Revenue*

Turnover comprises charges to other Group companies for advisory and administration services provided together with other fee income.

### *Work-in-progress*

Work-in-progress largely comprises professional fees relating to potential property developments expected to be undertaken by other group companies. The Company anticipates charging these costs against direct recharges or future fee income.

An impairment provision is created where there is objective evidence that the Company will not be able to recover these amounts in full.

### *Property, plant and equipment*

Leasehold property comprises fit-out and other improvements to office premises.

Equipment comprises computers and office furniture.

These assets are stated at cost less accumulated depreciation and are depreciated on a straight-line basis over five years.

### *Financial instruments*

#### **a) Loans receivable**

Interest bearing loans receivable are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

#### **b) Trade receivables**

Trade receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method, as reduced by appropriate allowances for impairment or other estimated irrecoverable amounts.



## **Notes to the financial statements (continued)**

### **Financial instruments (continued)**

#### **c) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, demand deposits and other highly liquid investments that are readily convertible into a known amount of cash and are subject to insignificant risk of changes in fair value.

#### **d) Trade payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

#### **e) Amounts due to parent undertaking:**

Interest bearing loans from the Company's parent undertaking are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

### **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the probable lease term. Deposits paid to the lessor are recognised as an asset on the balance sheet, classification as non-current or current is determined by reference to when the deposit is repayable. Future minimum lease payments are disclosed in note 2.

### **Tax**

Income tax expense comprises tax currently payable and deferred tax.

#### **a) Current taxation**

Current income tax assets and liabilities are measured at the amounts expected to be paid to or recovered from taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

#### **b) Deferred taxation**

Deferred tax is provided on temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Deferred tax is determined using tax rates which have been enacted or substantively enacted by the balance sheet date. A deferred tax asset on tax losses is recognised to the extent that an offset is available against a deferred tax liability, or taxable profits are predicted to be available against which the loss can be utilised.



## Notes to the financial statements (continued)

### 2. Administrative expenditure

|                                       | 2013<br>£        | 2012<br>£        |
|---------------------------------------|------------------|------------------|
| Salaries and other payroll costs      | 4,124,790        | 2,435,232        |
| Legal and other professional costs    | 559,659          | 482,163          |
| Office and other administrative costs | 820,819          | 487,288          |
| Depreciation                          | 180,568          | 103,480          |
|                                       | <b>5,685,836</b> | <b>3,508,163</b> |

The aggregate payroll costs of employees were:

|                       | 2013<br>£        | 2012<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 3,376,359        | 2,159,082        |
| Social security costs | 748,431          | 276,150          |
|                       | <b>4,124,790</b> | <b>2,435,232</b> |

The average number of employees of the company was 24 (2012: 18)

Directors' remuneration:

|   |           |         |
|---|-----------|---------|
| Emoluments                                | 1,400,195 | 630,000 |
| Remuneration of the highest paid director | 670,000   | 380,000 |

#### *Audit fees*

The audit fee payable to Ernst & Young LLP in respect of the audit of the financial statements is £18,000 (2012: £17,500).

#### *Operating lease*

Future minimum rental payments under non-cancellable operating leases are as follows:

|                     | 2013<br>£      | 2012<br>£      |
|---------------------|----------------|----------------|
| Within 1 year       | 370,566        | 191,653        |
| Between 2 - 5 years | 568,479        | 413,931        |
| After 5 years       | --             | --             |
|                     | <b>939,045</b> | <b>605,584</b> |





## Notes to the financial statements (continued)

### 3. Finance income

|   | 2013<br>£        | 2012<br>£      |
|---|------------------|----------------|
| Interest received on short-term bank deposits               | 76,329           | 268,841        |
| Interest receivable from another group company (see note 6) | 2,213,748        | 710,959        |
|   | <b>2,290,077</b> | <b>979,800</b> |

### 4. Finance expense

Finance expense comprises interest payable on loans from the Company's parent (see note 10).

### 5. Taxation

#### a) Tax charged in the income statement

|   | 2013<br>£ | 2012<br>£ |
|---|-----------|-----------|
| <b>Current tax</b>                                      |           |           |
| UK corporation tax                                      | --        | --        |
| <b>Total current tax credit at 23.25% (2012: 24.5%)</b> | <b>--</b> | <b>--</b> |

#### b) Factors affecting the current tax credit in the income statement for the year

The tax credit for the year is lower than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%) applied to the loss on ordinary activities. The differences are explained below:

|   | 2013<br>£          | 2012<br>£          |
|---|--------------------|--------------------|
| <b>Loss before taxation</b>   | <b>(3,703,639)</b> | <b>(3,065,785)</b> |
| Loss before taxation multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%) | (861,096)          | (751,117)          |
| <b>Factors affecting credit:</b>  |                    |                    |
| Origination and reversal of temporary differences   | (23,705)           | 8,766              |
| Permanent differences   | 60,442             | 36,923             |
| Surrender of group relief not paid for  | 276,418            | 571,369            |
| Tax losses not recognised   | 547,941            | 134,059            |
| <b>Total tax credit in the income statement (note (a))</b>  | <b>--</b>          | <b>--</b>          |



## Notes to the financial statements (continued)

### 5. Taxation (continued)

#### c) Deferred tax

At balance sheet date, the Company has unused tax losses of £4,790,717 (2012:£4,245,000) available for offset against future profits. No deferred tax has been recognised in respect of these losses due to the unpredictability of future profits.

### 6. Loans receivable

|  | 2013<br>£         | 2012<br>£         |
|--|-------------------|-------------------|
| Loan to Almacantar Kingsway Sarl (Interest Rate - 10% p.a. Date repayable - 5 August 2016)       | 14,050,000        | 15,000,000        |
| Loan to Almacantar Blackfriars Sarl (Interest Rate - 6% p.a. Date repayable - 30 June 2017 )     | 4,856,629         | --                |
| Loan to Almacantar Shaftesbury Sarl (Interest Rate - 12% p.a. Date repayable - 5 February 2018 ) | 18,000,000        | --                |
|  | <b>36,906,629</b> | <b>15,000,000</b> |

On 15 May 2013, the Company, as lender, entered into a £5,000,000 revolving credit facility with Almacantar Blackfriars Sarl, a fellow subsidiary of Almacantar SA. This facility bears interest at a rate of 6% per annum and the outstanding balance at 31 December 2013 was £4,856,629. The loan is repayable on 30 June 2017.

On 27 September 2013, the Company, as lender, entered into a £25,000,000 term facility with Almacantar Shaftesbury Sarl, a fellow subsidiary of Almacantar SA. This facility bears interest at a rate of 12% per annum and the outstanding balance at 31 December 2013 was £18,000,000. The loan is repayable on 5 February 2018.



## Notes to the financial statements (continued)

### 7. Property, plant and equipment

|                                 | Leasehold<br>property<br>£ | Equipment<br>£   | Total<br>£       |
|---------------------------------|----------------------------|------------------|------------------|
| <b>Historical cost</b>          |                            |                  |                  |
| At 1 January 2012               | 279,288                    | 229,182          | 508,470          |
| Additions                       | 16,480                     | 15,334           | 31,814           |
| <b>At 31 December 2012</b>      | <b>295,768</b>             | <b>244,516</b>   | <b>540,284</b>   |
| Additions                       | 352,682                    | 162,259          | 514,941          |
| <b>At 31 December 2013</b>      | <b>648,450</b>             | <b>406,775</b>   | <b>1,055,225</b> |
| <b>Accumulated depreciation</b> |                            |                  |                  |
| At 1 January 2012               | (65,898)                   | (40,926)         | (106,824)        |
| Charge for the year             | (55,858)                   | (47,622)         | (103,480)        |
| <b>At 31 December 2012</b>      | <b>(121,756)</b>           | <b>(88,548)</b>  | <b>(210,304)</b> |
| Charge for the year             | (109,104)                  | (71,464)         | (180,568)        |
| <b>At 31 December 2013</b>      | <b>(230,860)</b>           | <b>(160,012)</b> | <b>(390,872)</b> |
| <b>Net book value</b>           |                            |                  |                  |
| 31 December 2012                | 174,012                    | 155,968          | 329,980          |
| <b>31 December 2013</b>         | <b>417,590</b>             | <b>246,763</b>   | <b>664,353</b>   |

The basis of measurement for carrying value is depreciated historic cost.

### 8. Trade and other receivables

|  | 2013<br>£        | 2012<br>£      |
|--|------------------|----------------|
| Trade receivables                              | 27,000           | –              |
| VAT recoverable                                | 194,683          | 51,041         |
| Interest receivable from other group companies | 860,969          | 234,247        |
| Other debtors                                  | 99,535           | 81,990         |
| <b>Trade and other receivables</b>             | <b>1,182,187</b> | <b>367,278</b> |

### 9. Trade and other payables

|                                    | 2013<br>£        | 2012<br>£      |
|------------------------------------|------------------|----------------|
| Trade payables                     | 683,575          | 152,566        |
| VAT payable                        | –                | –              |
| Other taxation and social security | 108,753          | 97,651         |
| Accruals                           | 330,891          | 258,477        |
| <b>Trade and other payables</b>    | <b>1,123,219</b> | <b>508,694</b> |



## Notes to the financial statements (continued)

### 10. Amounts due to parent undertaking

|         | 2013<br>£ | 2012<br>£ |
|---------|-----------|-----------|
| Current | 4,354,095 | --        |

The amount of £4,354,095 (2012: £nil) is a short term loan from the Company's parent, Almacantar SA. The loan bears interest at a current rate of 0.6% and is repayable at 30 days notice.

|             | 2013<br>£ | 2012<br>£ |
|-------------|-----------|-----------|
| Non-current | 2,889,035 | 2,007,248 |

The amount of £2,889,035 (2012: £2,007,248) is a loan from the Company's parent, Almacantar SA. Under the terms of the facility, the Company may borrow funds up to a limit of £10,000,000. The loan bears interest at a current annual rate of 4.5%. Repayment of the loan is not expected within the next 12 months.

### 11. Financial instruments

Financial assets in the Company comprise trade and other receivables, categorised as loans and receivables, and cash and cash equivalents which is classified as other financial assets. Financial liabilities comprise trade and other payables, amounts due to its parent company and tax balances, all of which are categorised as other financial liabilities. The carrying values of these financial assets and liabilities approximate their fair values as shown in the following table:

|                                   | Carrying value |            | Fair value |            |
|-----------------------------------|----------------|------------|------------|------------|
|                                   | 2013<br>£      | 2012<br>£  | 2013<br>£  | 2012<br>£  |
| <b>Financial assets</b>           |                |            |            |            |
| Loans receivable                  | 36,906,629     | 15,000,000 | 36,906,629 | 15,000,000 |
| Rent deposit                      | 288,154        | 127,781    | 288,154    | 127,781    |
| Trade and other receivables       | 860,969        | 234,247    | 860,969    | 234,247    |
| Cash and cash equivalents         | 5,262,903      | 235,422    | 5,262,903  | 235,422    |
| <b>Financial liabilities</b>      |                |            |            |            |
| Trade and other payables          | 1,123,219      | 411,043    | 1,123,219  | 411,043    |
| Amounts due to parent undertaking | 7,243,130      | 2,007,248  | 7,243,130  | 2,007,248  |



## **Notes to the financial statements (continued)**

### **12. Financial risk management**

#### **a) Capital risk**

Capital risk is the risk that the Company may lack sufficient funding to meet its long-term objectives. The Company's capital structure comprises equity and loans from its parent.

##### **i. Equity**

Equity comprises issued share capital and retained earnings as disclosed in the Statement of Changes in Equity. The Directors consider that the Company is likely to be able to call on additional share capital from its parent, if and when required.

##### **ii. Loans**

Loans comprise interest bearing amounts from the Company's parent. The Directors consider that the Company is likely to continue to be able to access additional loans to support its business activities.

#### **b) Market risk**

The Company expects to derive most of its income in connection with property investment activities undertaken by other group companies. There is a risk that the scale or timing of those activities will be adversely affected by market conditions in the property sector, including availability of funding for those other undertakings. The Directors consider that the prospects are generally positive, and that this risk is satisfactorily managed accordingly.

#### **c) Credit risk**

The Company has cash deposits of £5,262,903 (2012: £235,422) with reputable banks, which hold appropriate short-term and long-term credit ratings.



## Notes to the financial statements (continued)

### 12. Financial risk management (continued)

#### d) Liquidity risk

The following table shows the maturity profile of the Company's financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

| 31 December 2013                  | Carrying value     | Less than one year | Over one year      | Total              |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Trade and other payables          | (1,123,219)        | (1,123,219)        | –                  | (1,123,219)        |
| Amounts due to parent undertaking | (7,243,130)        | (4,354,095)        | (2,889,035)        | (7,243,130)        |
|                                   | <b>(8,366,349)</b> | <b>(5,477,314)</b> | <b>(2,889,035)</b> | <b>(8,366,349)</b> |

  

| 31 December 2012                  | Carrying value     | Less than one year | Over one year      | Total              |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Trade and other payables          | (411,043)          | (411,043)          | –                  | (411,043)          |
| Amounts due to parent undertaking | (2,007,248)        | –                  | (2,007,248)        | (2,007,248)        |
|                                   | <b>(2,418,291)</b> | <b>(411,043)</b>   | <b>(2,007,248)</b> | <b>(2,418,291)</b> |

### 13. Share Capital

|  | 2013<br>£         | 2012<br>£         |
|--|-------------------|-------------------|
| Allotted, called up and fully paid:<br>30,000,000 (2012: 24,000,000) Ordinary shares |                   |                   |
| 1 January  | 24,000,000        | 6,000,000         |
| Issue of share capital   | 30,000,000        | 18,000,000        |
| 31 December  | <b>54,000,000</b> | <b>24,000,000</b> |

Authorised, issued and fully paid share capital comprises 54,000,000 (2012: 24,000,000) Ordinary shares with a nominal value of £1 each.



## **Notes to the financial statements (continued)**

### **14. Related party transactions**

Key management personnel are considered to be the Directors of the Company. Directors' remuneration is disclosed in note 2.

As detailed in note 10, at 31 December 2013 the Company has borrowings from its parent of £7,243,130 (2012: £2,007,248). During the year interest of £479,253 (2012: £310,831) was payable on these borrowings. No amounts were accrued at the year end.

As detailed in note 6, during 2013, the company, as lender, entered into loan agreements with Almacantar Blackfriars Sarl and Almacantar Shaftesbury Sarl. This is an addition to the loan agreement entered into with Almacantar Kingsway Sarl during 2012. Interest income of £2,213,748 (2012: £710,959) has been recognised in the income statement in respect of these loans. At 31 December 2013, the amount of accrued interest recognised on the balance sheet was £860,969 (2012: £234,247).

The parent Company and ultimate controlling party is Almacantar SA.