

## **NewRiver Retail (Paisley) Limited**

Report and Financial Statements

For the Year Ended 31 March 2019

Registered No: 7655878



# **NewRiver Retail (Paisley) Limited**

## **Report and financial statements for the year ended 31 March 2019**

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### **Directors**

Mark Davies  
Allan Lockhart  
Nicholas Sewell (resigned 12 July 2019)  
Robert Marcus (appointed 12 July 2019, resigned 3 December 2019)  
Will Hobman (appointed 3 December 2019)

### **Company Secretary**

Robert Marcus (resigned 3 December 2019)

### **Registered office**

16 New Burlington Place  
London  
W1S 2HX

### **Company number**

7655878

### **Auditor**

Deloitte LLP, Regency Court, Glatigny Esplanade, St Peter Port, GY1 3HW, Guernsey, Channel Islands

# **NewRiver Retail (Paisley) Limited**

## **Directors' report for the year ended 31 March 2019**

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The Directors present their report together with the audited financial statements for the year ended 31 March 2019.

### **Principal activities, trading review and future developments**

The principal activity of NewRiver Retail (Paisley) Limited ('the Company') is investment in real estate in the UK.

The properties were revalued to £17,400,000 at 31 March 2019 by Colliers International UK Plc. The valuations undertaken by Colliers were in accordance with the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation manual based on current market conditions. The portfolio has an occupancy rate of 100% with a weighted average lease length to expiry of 4 years and 52 tenants.

There are currently no large scale future development plans for the asset.

### **Results and dividends**

The Statement of comprehensive income is set out on page 6 and shows the loss of £1,923,000 for the year (2018: profit of £1,137,000). A dividend of £6,400,103 (2018: Nil) was paid in the year to the parent company, NewRiver Retail Limited. The Directors expect the Company to continue to trade profitably going forward.

### **Directors**

The Directors of the Company during the year were:

Mark Davies

Allan Lockhart

Nicholas Sewell (resigned 12 July 2019)

Robert Marcus (appointed 12 July 2019, resigned 3 December 2019)

Will Hobman (appointed 3 December 2019)

No Director had any interest in the ordinary shares of the Company.

Mark Davies and Allan Lockhart are also Directors of the ultimate parent Company, NewRiver REIT plc, and their interests in the share capital of that Company are shown in its financial statements.

### **Directors' Indemnity**

The Company has made qualifying related party indemnity provisions for the benefit of its Directors by way of Directors' and officer's liability insurance. This was in place during the financial year and remains in place at the date of this report.

### **Financial risks and objectives**

The risks to which the Company are exposed to are discussed in note 17.

### **Strategic report**

The Directors have taken exemption from preparing the strategic report as the Company is entitled to prepare the Financial Statements in accordance with the small companies' regime.

### **Going concern**

The Financial Statements have been prepared on a going concern basis. The Directors believe that this basis is appropriate although the Group has incurred a loss of £1,923k for the year and has net current liabilities of £7.7m (2018: £1.9m); it has received assurances from its parent Company, NewRiver REIT plc that the parent will continue to provide financial support where necessary. The Directors have reviewed the cash flow, projected income and expenses over the next twelve months from the date of this report and deemed that the Company has adequate financial resources to meet its obligations.

# NewRiver Retail (Paisley) Limited

## Directors' report (continued) for the year ended 31 March 2019

### Subsequent events

A review of all subsequent events has been undertaken and appropriately disclosed in note 16.

### Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting Standards and applicable law). 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 year. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditor

In accordance with section 485(3) of the Companies Act, Deloitte LLP was re-appointed as the auditor to the Company. A resolution to appoint PricewaterhouseCoopers LLP as auditor will be proposed at the forthcoming Annual General Meeting.

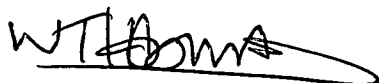
Each of the persons who are a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

### On behalf of the Board



Director  
Will Hobman

Date 18 December 2014

# **NewRiver Retail (Paisley) Limited**

## **Independent auditor's report**

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### **Independent auditor's report to the members of NewRiver Retail (Paisley) Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of NewRiver Retail (Paisley) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 17.

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

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **NewRiver Retail (Paisley) Limited**

## **Independent auditor's report**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# **NewRiver Retail (Paisley) Limited**

## **Independent auditor's report**

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### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 with the small companies' exemption from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.

#### **Use of our report**

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.



**David Becker (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Guernsey, Channel Islands

Date *19 December 2019*

# NewRiver Retail (Paisley) Limited

## Statement of Comprehensive Income for the year ended 31 March 2019

|  | Note | 2019<br>£'000  | 2018<br>£'000 |
|--|------|----------------|---------------|
| Rental income  | 3    | 1,874          | 1,593         |
| Other income   |      | -              | 3,630         |
| Operating expenses                                       |      | (853)          | (511)         |
| Other operating expenses - Intercompany charges          |      | (224)          | (325)         |
| Loss from changes in fair value of investment properties | 7    | (2,690)        | (3,438)       |
| <b>Operating (loss) / profit</b>                         | 4    | <b>(1,893)</b> | <b>1,319</b>  |
| Interest payable and similar expenses                    | 5    | (30)           | (182)         |
| <b>(Loss) / profit before taxation</b>                   |      | <b>(1,923)</b> | <b>1,137</b>  |
| Taxation on profit                                       | 6    | -              | -             |
| <b>(Loss) / profit for the financial year</b>            |      | <b>(1,923)</b> | <b>1,137</b>  |
| Other comprehensive income for the year                  |      | -              | -             |
| <b>Total comprehensive (loss) / income for the year</b>  |      | <b>(1,923)</b> | <b>1,137</b>  |

All amounts relate to continuing activities.

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



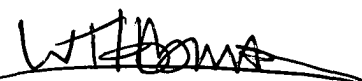
# NewRiver Retail (Paisley) Limited

## Statement of Financial position at 31 March 2019

|   | Note | 2019<br>£'000  | 2019<br>£'000  | 2018<br>£'000  | 2018<br>£'000  |
|---|------|----------------|----------------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |                |                |
| Investment property                                   | 7    |                | 17,400         |                | 20,000         |
| <b>Current assets</b>                                 |      |                |                |                |                |
| Debtors   | 8    | 158            |                | 3,910          |                |
| Cash at bank and in hand                              |      | 82             |                | 427            |                |
|   |      | <u>240</u>     |                | <u>4,337</u>   |                |
| <b>Creditors: amounts falling due within one year</b> | 9    | <u>(7,931)</u> |                | <u>(6,304)</u> |                |
| <b>Net current liabilities</b>                        |      |                | <u>(7,690)</u> |                | <u>(1,967)</u> |
| <b>Total assets less current liabilities</b>          |      |                | <u>9,710</u>   |                | <u>18,033</u>  |
| <b>Capital and reserves</b>                           |      |                |                |                |                |
| Called up share capital                               |      |                | 13,610         |                | 13,610         |
| Retained earnings                                     |      |                | 3,454          |                | 9,087          |
| Revaluation reserve                                   |      |                | (7,354)        |                | (4,664)        |
|   |      |                | <u>9,710</u>   |                | <u>18,033</u>  |

The financial statements of the Company, registration number 7655878, were approved by the Board of Directors on behalf of the Directors and authorised for issue on

18 October 2019



Director  
Will Hobman

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

# NewRiver Retail (Paisley) Limited

## Statement of changes in equity for the year ended 31 March 2019

|   | Called up<br>share capital<br>£'000 | Retained<br>earnings<br>£'000 | Revaluation<br>reserve<br>£'000 | Total<br>£'000 |
|---|-------------------------------------|-------------------------------|---------------------------------|----------------|
| <b>As at 31 March 2017</b>              | -                                   | 4,512                         | (1,226)                         | 3,286          |
| Total comprehensive income for the year | -                                   | 1,137                         | -                               | 1,137          |
| Reserve transfer on revaluation         | -                                   | 3,438                         | (3,438)                         | -              |
| Share capital issued                    | 13,610                              | -                             | -                               | 13,610         |
| <b>As at 31 March 2018</b>              | 13,610                              | 9,087                         | (4,664)                         | 18,033         |
| Total comprehensive loss for the year   | -                                   | (1,923)                       | -                               | (1,923)        |
| Reserve transfer on revaluation         | -                                   | 2,690                         | (2,690)                         | -              |
| Dividends paid                          | -                                   | (6,400)                       | -                               | (6,400)        |
| <b>As at 31 March 2019</b>              | 13,610                              | 3,454                         | (7,354)                         | 9,710          |

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

# NewRiver Retail (Paisley) Limited

## Notes forming part of the financial statements for the year ended 31 March 2019

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### 1 Accounting policies

#### *General information*

NewRiver Retail (Paisley) Limited is a company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office is 16 New Burlington Place, London, W1S 2HX.

The principal activity of the Company is investment in real estate in the UK.

#### *Functional currency*

The functional currency of the Company is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

#### *Basis of preparation*

The financial statements have been prepared under the historical convention modified to include certain items at fair value in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, NewRiver REIT plc, which are available on its website [www.nrr.co.uk](http://www.nrr.co.uk).

In preparing the separate financial statements of the Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Company;
- Disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- Disclosures in respect of the Company's related party transactions within the group have not been presented.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying accounting policies, these are summarised below.

The following principal accounting policies have been applied:

#### ***Going concern***

The Financial Statements have been prepared on a going concern basis. The Directors believe that this basis is appropriate although the Group has incurred a loss of £1,923k for the year and has net current liabilities of £7.7m (2018: £1.9m); it has received assurances from its parent Company, NewRiver REIT plc that the parent will continue to provide financial support where necessary. The Directors have reviewed the cash flow, projected income and expenses over the next twelve months from the date of this report and deemed that the Company has adequate financial resources to meet its obligations.

#### ***Rental income***

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the entire lease term. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease.

Rent is accounted for on a straight line basis.

# **NewRiver Retail (Paisley) Limited**

## **Notes forming part of the financial statements for the year ended 31 March 2019 (continued)**

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### **1 Accounting policies (continued)**

#### ***Lessor incentives***

Incentive payments to new tenants to occupy the Company's investment properties are initially recorded as prepayments and treated as a reduction in revenue. The payments are charged to profit or loss over the term of the lease. Where such incentives relate to investment properties, the properties are carried at open market value less the amount of unamortised incentive.

#### ***Investment property***

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

#### ***Tax***

The Company is part of the NewRiver REIT plc Group REIT regime which exempts qualifying UK property rental income and gains on investment property disposals from corporation tax.

#### ***Finance costs***

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest on intercompany borrowings have been included in operating costs.

#### ***Expenses***

Expenses are accounted for on an accruals basis.

#### ***Debtors***

Debtors are initially recognised at fair value, and subsequently where necessary remeasured at amortised cost using the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### ***Creditors***

Creditors are initially recognised at fair value, and subsequently where necessary remeasured at amortised cost using the effective interest method.

#### ***Cash and cash equivalents***

Cash is represented by cash at bank and in hand. The Company holds no cash equivalents

# NewRiver Retail (Paisley) Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of accumulated impairment loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

#### *Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the legal substance of the financial instruments contractual obligations, rather than the financial instrument's legal form.

# NewRiver Retail (Paisley) Limited

## Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Financial instruments (continued)*

##### *Non-interest bearing loans and borrowings*

All non-interest bearing loans and borrowings are fair valued, applying an appropriate interest rate and maturity date. They are treated as other financial instruments under section 12 of FRS 102. After initial recognition at present value, they are measured at amortised cost using an effective interest rate method, less impairment.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates are continually evaluated and are based on historical experience as adjusted or current market conditions and other factors. The Directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Investment property*

Investment properties are stated at fair value, as accounted for by an independent external appraisal. The estimated fair value may differ from the price at which the assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within management's control, such as overall market conditions. As a result, actual results of operations and realisation of net assets could differ from the estimates set forth in these financial statements, and the difference could be significant.

##### *Critical judgements*

The Directors believe there are no critical judgements, apart from those involving estimates, which have a significant effect on the amounts recognised in the financial statements.

### 3 Rental income, property expenses and sale of investment properties

Rental income is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

Property expenses comprise rent related costs and other costs which are not recoverable from tenants.

Sales of investment properties are recognised when there is a legally binding, unconditional and irrevocable contract.

### 4 Operating (loss)/profit

The Company had no employees during the year and no remuneration was paid to Directors.

Auditors' remuneration of £4k (2018: £3k) is incurred by NewRiver REIT plc.

# NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2019 (continued)

## 5 Interest payable and similar expenses

|                    | 2019<br>£'000 | 2018<br>£'000 |
|--------------------|---------------|---------------|
| Bank loan interest | 30            | 182           |

## 6 Taxation on profit

There is no charge to taxation for the year as the Company is part of the NewRiver REIT plc Group REIT regime which exempts qualifying UK property rental income and gains on investment property disposals from corporation tax.

## 7 Investment property

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| <b>Fair value</b>                              |               |               |
| At 1 April                                     | 20,000        | 23,359        |
| Valuation movement (losses) in profit and loss | (2,690)       | (3,438)       |
| Capital expenditure on investment properties   | 90            | 79            |
|  | <u>17,400</u> | <u>20,000</u> |
| At 31 March                                    | <u>17,400</u> | <u>20,000</u> |

The property has been revalued as at 31 March 2019 by Colliers International UK Plc in accordance with the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation manual. The historical cost of this investment property including capitalised expenditure is £24,753,417 (2018: £24,663,785).

The Company capitalises any tenant incentives and then amortises these on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

The property receives rental income which is wholly attributable to the principal activity of the Company (as detailed in note 3).

## 8 Debtors

|                                | 2019<br>£'000 | 2018<br>£'000 |
|--------------------------------|---------------|---------------|
| Trade debtors                  | 122           | 15            |
| Prepayments and accrued income | 37            | 88            |
| Other tenant debtors           | -             | 3,807         |
|                                | <u>158</u>    | <u>3,910</u>  |

All amounts shown under debtors fall due for payment within one year. The terms of the intercompany balances are referred to in Note 9.

# NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2019 (continued)

## 9 Creditors: amounts falling due within one year

|                              | 2019<br>£'000 | 2018<br>£'000 |
|------------------------------|---------------|---------------|
| Trade creditors              | (36)          | 56            |
| Accruals and deferred income | 256           | 181           |
| Intercompany creditors       | 7,303         | 5,040         |
| Value Added Taxation         | 408           | 1,027         |
|                              | <u>7,931</u>  | <u>6,304</u>  |

NewRiver REIT plc provides working capital funding to all subsidiaries as required. Interest on current loans is subject to the intercompany loan agreement at LIBOR plus 2% per annum and is repayable on demand.

## 10 Financial instruments

The Company has the following financial instruments:

|  | Note | 2019<br>£'000 | 2018<br>£'000 |
|--|------|---------------|---------------|
| <b>Financial assets at amortised cost:</b>                   |      |               |               |
| Trade and other receivables                                  | 8    | 122           | 3,822         |
| <b>Financial assets at fair value through profit or loss</b> |      |               |               |
| Cash and cash equivalents                                    |      | 82            | 427           |
|  |      | <u>82</u>     | <u>427</u>    |
| <b>Financial liabilities measured at amortised cost:</b>     |      |               |               |
| Trade and other payables                                     | 9    | 372           | 1,083         |
| Intercompany creditors                                       | 9    | 7,303         | 5,040         |
|  |      | <u>7,675</u>  | <u>6,123</u>  |



# NewRiver Retail (Paisley) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2019 (*continued*)

## 11 Called up Share capital

|   | 2019<br>£         | 2018<br>£  |
|---|-------------------|------------|
| <b>Authorised, allotted, called up and fully paid</b> |                   |            |
| 13,610,000 Ordinary shares of £1 each                 | <b>13,610,000</b> | 13,610,000 |

In the prior year, the bank loan facility of £11,123,750 was fully repaid due to the group unsecured refinancing and equity raise by NewRiver REIT plc. An injection of share capital of £13,610,000 was made from NewRiver REIT plc, via NewRiver Retail Limited, to the Company.

## 12 Financial commitments and operating lease arrangements

|   | Land and<br>buildings<br>2019<br>£'000 | Land and<br>buildings<br>2018<br>£'000 |
|---|--|--|
| Rentals receivable on operating leases: |  |  |
| Within 1 year                           | 1,473                                  | 1,656                                  |
| Between 2 and 5 years                   | 4,031                                  | 4,927                                  |
| After five years                        | 2,063                                  | 3,948                                  |

The Company held no annual commitments under non-cancellable operating leases.

# **NewRiver Retail (Paisley) Limited**

**Notes forming part of the financial statements  
for the year ended 31 March 2019 (*continued*)**

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## **13 Reserves**

### **Revaluation reserve**

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date. This includes all current and prior period revaluation reserves as a means to separate the total amount of un-distributable reserves.

### **Retained earnings**

Includes all current and prior periods retained profits and losses, less dividends paid.

## **14 Capital commitments and contingent liabilities**

The Company did not have any capital commitments or contingent liabilities as at 31 March 2019 (2018: none).

## **15 Ultimate parent Company and controlling party**

At 31 March 2019 the Company's ultimate parent Company was NewRiver REIT plc, a Company incorporated in UK. The smallest and largest group in which the results of the Company are consolidated in NewRiver REIT plc, the Financial Statements of which are available on the Company's website [www.nrr.co.uk](http://www.nrr.co.uk). The registered address of the ultimate parent is the same as the Company.

## **16 Subsequent events**

There have been no material subsequent events since the balance sheet date up to the date of the approval of the financial statements, which affect these financial statements.

# **NewRiver Retail (Paisley) Limited**

**Notes forming part of the financial statements  
for the year ended 31 March 2019 (continued)**

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## **17 Financial assets and financial liabilities**

### **Financial risk profile**

The Company's financial instruments comprise loans, cash and various items such as debtors that arise directly from the Company's operations. The main purpose of these instruments is the investment of shareholders' funds.

### **Market risk**

The Company is exposed to changes in property values within the market. Investment in property is subject to varying degrees of risk. The main factors which affect the value of the investment in property include:

- i) changes in the general economic climate;
- ii) local conditions in respective markets, such as an oversupply, or a reduction in demand, for commercial space in a specific area;
- iii) competition from other available properties; and
- iv) government regulations, including planning, environmental and tax laws.

Market risk is managed by detailed financial analysis, assessment of underlying performance of the tenant and market research and analysis of retailer performance.

### **Interest rate risk**

There is an interest rate risk as the intercompany borrowings interest rate is based on a floating rate.

### **Liquidity risk**

Liquidity risk is the risk that the Company cannot meet its liabilities as they fall due. The Company's investment is illiquid in nature, in that it may take some time to sell the property.

The Company uses intercompany loans to finance the acquisition of properties. The Group who provides the intercompany loans is in a net asset position and is therefore in the position to continue to support the Company.

The Company has also received assurances from its ultimate parent Company, NewRiver REIT plc, that it will continue to provide financial support where necessary.

### **Credit risk**

The Company is exposed to the credit risk of tenants defaulting on their rental payments. The Company manages this risk by ensuring that the property managers obtain credit reports of tenants prior to new leases being entered and monitor on-going rental receipts on a regular basis. Cash balances are held at banks licensed by the appropriate regulatory authority and as a result, the Directors believe that the Company's credit risk exposure arising from its cash balances is minimised.

### **Currency risk**

The Company is not exposed to significant currency risks as the Company has no exposure to different currencies.