

Company Registration No: 04217952

**GAINWALK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2016**

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**GAINWALK LIMITED**

**DIRECTORS AND OFFICERS**

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**DIRECTORS**

R Tchenguiz  
V A Tchenguiz

**REGISTERED OFFICE**

5th Floor  
Leconfield House  
Curzon Street  
London  
W1J 5JA

**AUDITOR**

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)  
Chartered Accountants  
3<sup>rd</sup> Floor  
One London Square  
Cross Lanes  
Guildford  
Surrey  
GU1 1UN

**SOLICITORS**

Osborne Clarke  
One London Wall  
London  
EC2Y 5EB

## **GAINWALK LIMITED**

### **DIRECTORS' REPORT**

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The directors present their report and the financial statements of Gainwalk Limited for the year ended 31 May 2016.

#### **Principal activities and business review**

The principal activity of the company during the year was property investment by holding lease interests in land and buildings.

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2016 were satisfactory, given the support of Rotch Property Group Limited, a related company.

#### **Results and dividends**

The profit for the year amounted to £38,498 (2015: £8,141). The directors do not recommend the payment of a dividend.

#### **Directors**

The following directors have held office since 1 June 2015:

R Tchenguz  
V A Tchenguz

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' 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 (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 period.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

**GAINWALK LIMITED**

**DIRECTORS' REPORT (Continued)**

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**Statement as to disclosure of information to auditor**


The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**Auditor**

The auditor, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Chartered Accountants, has indicated its willingness to continue in office.

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

By order of the Board:



**R Tchenguiz**  
Director

**14 December** 2016

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

We have audited the financial statements on pages 5 to 17. 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 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 more fully explained in the Directors' Responsibilities Statement set out on page 2 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **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 May 2016 and of its result 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.

### **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 and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

In 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**

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 take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report

*RSM UK Audit LLP*

Christopher Hurren FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor  
Chartered Accountants

3<sup>rd</sup> Floor, One London Square, Cross Lanes  
Guildford, Surrey, GU1 1UN

6 January 2017

**GAINWALK LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MAY 2016**

	Notes	2016 £	2015 £
Turnover	2	217,772	216,798
Administrative expenses		(5,700)	(4,200)
Operating profit		<u>212,072</u>	<u>212,598</u>
Interest payable and similar charges	3	(186,891)	(188,275)
Profit on ordinary activities before taxation	4	<u>25,181</u>	<u>24,323</u>
Taxation	6	13,317	(16,182)
Profit on ordinary activities after taxation		<u>38,498</u>	<u>8,141</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>38,498</u></u>	<u><u>8,141</u></u>

**GAINWALK LIMITED**

**STATEMENT OF FINANCIAL POSITION (Company Registration Number: 04217952)**

**AT 31 MAY 2016**

	Notes	2016 £	2015 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	478,807	500,404
Debtors: amounts falling due after more than one year	7	2,663,470	2,670,791
		<u>3,142,277</u>	<u>3,171,195</u>
<b>Creditors: amounts falling due within one year</b>	9	(84,364)	(98,283)
<b>Net current assets</b>		<u>3,057,913</u>	<u>3,072,912</u>
<b>Total assets less current liabilities</b>		<u>3,057,913</u>	<u>3,072,912</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(2,973,778)	(3,013,959)
<b>Provisions for liabilities</b>	12	(257,939)	(271,255)
<b>Net liabilities</b>		<u>(173,804)</u>	<u>(212,302)</u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account		(173,805)	(212,303)
<b>Total equity</b>		<u>(173,804)</u>	<u>(212,302)</u>

The financial statements on pages 5 to 17 were approved by the board of directors and authorised for issue on ~~1st December~~ 2016 and are signed on its behalf by:



**R Tchenguiz**  
Director

**GAINWALK LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MAY 2016**

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	Share capital £	Profit and loss account £	Total £
<b>Balance at 1 June 2014</b>	1	(220,444)	(220,443)
Total comprehensive income for the year	-	8,141	8,141
<b>Balance at 31 May 2015</b>	<u>1</u>	<u>(212,303)</u>	<u>(212,302)</u>
Total comprehensive income for the year	-	38,498	38,498
<b>Balance at 31 May 2016</b>	<u>1</u>	<u>(173,805)</u>	<u>(173,804)</u>



# **GAINWALK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2016**

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### **1. Accounting policies**

#### **Company information**

Gainwalk Limited ("the Company") is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is 5th Floor, Leconfield House, Curzon Street, W1J 5JA. The principal activity of the company during the year was that of property investment by holding lease interests in land and buildings.

#### **1.1 Basis of accounting**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

#### **1.2 Cash flow statement**

The company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of FRS 102, Section 7.

#### **1.3 First time adoption of FRS 102**

These financial statements are the first financial statements of Gainwalk Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Gainwalk Limited for the year ended 31 May 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

#### **1.4 Going concern**

The company's finance lease and funding structure has been set up to be principally self-funding.

The directors have assessed the structure and the continuation and availability of support provided by Rotch Property Group Limited (see note 15) and determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

## **GAINWALK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 MAY 2016**

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##### **1.5 Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the company.

##### **1.6 Turnover**

Finance charges on finance leases are recognised in the statement of comprehensive income so as to produce a constant return on the carrying amount.

##### **1.7 Finance leases**

Finance leases are initially stated at cost including acquisition costs. The carrying amount is increased by finance charges in the accounting period and reduced by payments received in the period. Finance charges are recognised in the profit and loss account so as to produce a constant return on the carrying amount.

##### **1.8 Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **GAINWALK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2016**

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#### **1.9 Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### ***Financial assets***

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### ***Financial liabilities and equity***

Financial instruments are classified as liabilities and equity instruments 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.

##### ***Creditors***

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

##### ***Derecognition of financial assets and liabilities***

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **1.10 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### ***Critical accounting estimates and assumptions***

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

**GAINWALK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2016**

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**1.10 Critical accounting estimates and areas of judgement (Continued)**

***Critical accounting estimates and assumptions (Continued)***

The estimates and assumptions that 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.

*Finance lease rentals*

The key accounting estimate in preparing these financial statements relates to the rentals receivable under the finance lease which are subject to periodic increases.

*Deferred taxation*

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

**2. Turnover**

Turnover represents finance charges allocated to the period so as to give a constant periodic rate of return over the duration of the lease.

The company's turnover for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**3. Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Loan interest payable to group undertakings	184,542	185,926
Amortisation of finance costs	2,349	2,349
	<u>186,891</u>	<u>188,275</u>

**4. Profit on ordinary activities before taxation**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
The profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration	4,500	3,000
	<u>4,500</u>	<u>3,000</u>

**GAINWALK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2016**

**5. Employees and directors**

There were no employees during the year apart from the directors who received no emoluments.

<b>6. Taxation</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>		
Effect of decreased tax rate on opening liability	(27,125)	-
Origination and reversal of timing differences	13,808	16,182
<b>Total deferred tax</b>	(13,317)	16,182
<b>Total tax on profit on ordinary activities</b>	(13,317)	16,182

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 20% (2015: 20%). The differences are explained below:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	25,181	24,323
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 20% (2015: 20%).	5,036	4,864
Effects of:		
Non deductible expenses	9,964	11,468
Group relief received without charge	(2,649)	(1,621)
UK transfer pricing	1,457	1,471
Adjustment in respect of finance leases	(13,808)	(16,182)
Origination and reversal of timing differences	13,808	16,182
Change in substantively enacted tax rate	(27,125)	-
<b>Tax (credit)/expense</b>	(13,317)	16,182

During the period, Finance Act 2015 was enacted and included legislation to reduce the main rate of corporation tax to 19% with effect from 1 April 2017, and by a further 1%, reaching 18% with effect from 1 April 2020. As this change was substantively enacted at the balance sheet date and no material amount is expected to unwind prior to 1 April 2020, deferred tax is recognised at 18% in the current period.

**GAINWALK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2016**

**7. Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Amounts owed by group undertakings	471,485	499,853
Finance leases (note 8)	7,322	551
	<u>478,807</u>	<u>500,404</u>

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts falling due after more than one year:		
Finance lease (note 8)	2,663,470	2,670,791
	<u>2,663,470</u>	<u>2,670,791</u>

**8. Finance leases**

Gross amounts receivable under finance leases:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Within one year	224,760	109,428
In the second to fifth years inclusive	956,657	933,323
After five years	4,651,144	4,899,238
Gross investment	<u>5,832,561</u>	<u>5,941,989</u>
Less: unearned finance income	(3,161,769)	(3,270,647)
Present value of minimum lease payments	<u>2,670,792</u>	<u>2,671,342</u>
Receivable:		
Within one year	7,322	551
In the second to fifth years inclusive	101,331	70,992
After five years	2,562,139	2,599,799
	<u>2,670,792</u>	<u>2,671,342</u>

The company did not recognise any contingent rentals during the year (2015: £Nil).

**9. Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	-	22,918
Loan from group undertakings (note 10)	56,284	47,978
Accruals and deferred income	28,080	27,387
	<u>84,364</u>	<u>98,283</u>

**GAINWALK LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2016****10. Creditors: amounts falling after more than one year**

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Loans from group undertakings	2,973,778	3,013,959
Loan maturity analysis		
In less than one year	58,633	50,327
In more than one year but not more than two years	67,773	58,633
In more than two years but not more than five years	242,204	227,378
In more than five years	2,708,170	2,774,666
	<u>3,076,780</u>	<u>3,111,004</u>
Less: finance charges allocated to future periods	(46,718)	(49,067)
	<u>3,030,062</u>	<u>3,061,937</u>
Less: included in amounts due within one year	(56,284)	(47,978)
	<u><u>2,973,778</u></u>	<u><u>3,013,959</u></u>

The group undertaking loans comprise six loans which are in turn financed by six loans from a third party to that group undertaking and have been provided to the company on the same interest and repayment terms. The loans are secured by a fixed and floating charge over the company's finance lease investment properties. Loans 1 to 3 bear interest at 5.98% and loans 4 to 6 bear interest at 5.58% per annum.

Loan 1 is repayable in instalments until 2032 when one bullet payment of £344,732 will be made.

Loan 2 is repayable in instalments until 2032 when one bullet payment of £272,113 will be made.

Loan 3 is repayable in instalments until 2032 when one bullet payment of £218,267 will be made.

Loan 4's interest shortfall rolls up into the loan until October 2020. Thereafter, interest will be paid in full and the loan is then repayable in instalments until 2032.

Loan 5's interest shortfall rolls up into the loan until July 2020. Thereafter, interest will be paid in full and the loan is then repayable in instalments until 2032.

Loan 6's interest shortfall rolls up into the loan until July 2022. Thereafter, interest is paid in full and the loan is then repayable in instalments until 2032.

The loans are subject to cross guarantees and cross-collateralisation of the underlying properties used as security with other group loans. The total value of the group loans subject to this cross-collateralisation as at 31 May 2016, including the company's loans, is £101,250,806 (2015: £102,725,923) and the fair value of the financial instruments also subject to the cross-collateralisation is a liability of £(20,027,633) (2015: £(20,132,623)).

**GAINWALK LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2016****11. Financial instruments**

The carrying amount of the company's financial instruments at 31 May were:

	2016 £	2015 £
Financial assets:		
Debt instruments measured at amortised costs	3,142,277	3,171,195
	<u>          </u>	<u>          </u>
Financial liabilities:		
Measured at amortised costs	3,104,860	3,161,309
	<u>          </u>	<u>          </u>

**12. Provision for liabilities**

	Deferred taxation £
1 June 2015	271,256
Profit and loss account	(13,317)
31 May 2016	<u>257,939</u>

Provision for deferred tax liabilities recognised by the company is as follows:

	2016 £	2015 £
Other timing differences	257,939	271,255
	<u>          </u>	<u>          </u>

**13. Share capital and reserves****Share capital**

	2016 £	2015 £
Allotted, issued and fully paid:		
1 ordinary shares of £1	1	1
	<u>          </u>	<u>          </u>

*Ordinary share rights*

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

**Reserves**

Reserves of the Company represent the following:

*Retained earnings*

Cumulative profit and loss net of distributions to owners



## **GAINWALK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 MAY 2016**

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#### **14. Ultimate parent company and ultimate controlling party**

The company's immediate parent company is Timecoast Limited, which is domiciled and incorporated in England.

The directors regard the ultimate holding company to be Sunnymist Limited a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

#### **15. Related party transactions**

The company is related to fellow subsidiaries of Sunnymist Limited, with whom in many cases it has directors in common.

One such company is Rotch Property Group Limited ("Rotch"). Rotch provides management services to the company. At the balance sheet date, and included within amounts owed by group undertakings, £471,485 (2015: £499,853) was due from that company. No interest accrues on this balance. Management fees payable for the year amounted to £1,200 (2015: £1,200).

Rotch Property Group Limited has agreed to provide support to assist the company in meeting its operational costs as they arise should this be necessary.

As set out in note 10, the company is party to a cross-collateralisation arrangement in respect of loan facilities as at the year-end totalling £101,250,806 (2015: £102,725,923). Of this amount £25,782,356 (2015: £26,774,629) relates to loan facilities with Uni Lease No 1 Limited, a fellow subsidiary of Sunnymist Limited. The fair value of the financial instruments also subject to this cross-collateralisation arrangement is a liability of £(20,027,633) (2015: £(20,132,623)) of which £(2,432,876) (2015: £(2,237,276)) relates to Uni Lease No 1 Limited.

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

**GAINWALK LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2016****16. First time adoption of FRS 102**

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

**Reconciliations of equity**

	<b>Note</b>	<b>1 June 2014 £</b>	<b>31 May 2015 £</b>
Equity as previously reported under previous UK GAAP		(220,444)	(212,302)
Finance costs reallocation	<b>A</b>	-	-
Equity reported under FRS 102		<u>(220,444)</u>	<u>(212,302)</u>

**Reconciliation of profit or loss**

	<b>Note</b>	<b>31 May 2015 £</b>
Profit as previously reported under UK GAAP		8,141
Finance costs reallocation	<b>A</b>	-
Profit reported under FRS 102		<u>8,141</u>

**A** – During the year ended 31 May 2015 finance costs allocated to future periods arising on the company's loan finance were included within prepayments. Under FRS 102 these have been offset against the company's loan balances.