

**Company Registration No: 04217952**

**GAINWALK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2018**

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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  
Chartered Accountants  
3rd 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 2018.

#### **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 2018 were satisfactory, given the support of Rotch Property Group Limited, a related company.

#### **Results and dividends**

The profit for the year amounted to £18,845 (2017: £30,901). The directors do not recommend the payment of a dividend.

#### **Directors**

The following directors have held office since 1 June 2017:

R Tchenguiz  
V A Tchenguiz

#### **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, 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

2 November 2018

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

### **Opinion**

We have audited the financial statements of Gainwalk Limited (the 'company') for the year ended 31 May 2018 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 this regard.

### **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.

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

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

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 material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 from the requirement to prepare a strategic report or in preparing the directors' report.

### **Responsibilities of directors**

As explained more fully 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, 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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.

*RSM UK Audit LLP*

Christopher Hurren FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
3<sup>rd</sup> Floor, One London Square, Cross Lanes  
Guildford, Surrey, GU1 1UN

24 December 2018

**GAINWALK LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MAY 2018**

	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Turnover</b>	<b>2</b>	<b>215,536</b>	<b>217,378</b>
Administrative expenses		(4,700)	(4,700)
<b>Operating profit</b>		<b>210,836</b>	<b>212,678</b>
Interest payable and similar charges	<b>3</b>	(181,285)	(184,081)
<b>Profit before taxation</b>	<b>4</b>	<b>29,551</b>	<b>28,597</b>
Taxation	<b>6</b>	(10,706)	2,304
<b>Profit after taxation</b>		<b>18,845</b>	<b>30,901</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>18,845</b>	<b>30,901</b>

**GAINWALK LIMITED****STATEMENT OF FINANCIAL POSITION (Company Registration Number: 04217952)****AT 31 MAY 2018**

	Notes	2018 £	2017 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	483,465	480,729
Debtors: amounts falling due after more than one year	7	2,629,532	2,650,548
		<u>3,112,997</u>	<u>3,131,277</u>
<b>Creditors: amounts falling due within one year</b>	9	(102,632)	(93,115)
<b>Net current assets</b>		<u>3,010,365</u>	<u>3,038,162</u>
<b>Total assets less current liabilities</b>		<u>3,010,365</u>	<u>3,038,162</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(2,868,082)	(2,925,430)
<b>Provisions for liabilities</b>	12	(266,341)	(255,635)
<b>Net liabilities</b>		<u>(124,058)</u>	<u>(142,903)</u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account		(124,059)	(142,904)
<b>Total equity</b>		<u>(124,058)</u>	<u>(142,903)</u>

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

The financial statements on pages 6 to 17 were approved by the board of directors and authorised for issue on 2 November 2018 and are signed on its behalf by:



**R Tchenguiz**  
Director



**GAINWALK LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MAY 2018**

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	Share capital £	Profit and loss account £	Total £
Balance at 1 June 2016	1	(173,805)	(173,804)
Total comprehensive income for the year	-	30,901	30,901
Balance at 31 May 2017	<u>1</u>	<u>(142,904)</u>	<u>(142,903)</u>
Total comprehensive income for the year	-	18,845	18,845
Balance at 31 May 2018	<u>1</u>	<u>(124,059)</u>	<u>(124,058)</u>

# **GAINWALK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2018**

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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, as applicable to companies subject to the small companies regime.

#### **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 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.

#### **1.4 Functional and presentational currencies**

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

#### **1.5 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.

#### **1.6 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.

#### **1.7 Loan finance charges**

Loan finance costs are amortised over the term of the related borrowings and the loans to which they relate are stated after deducting the amount of the unamortised finance costs.

## **GAINWALK LIMITED**

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

#### **FOR THE YEAR ENDED 31 MAY 2018**

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##### **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.

##### **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.

## **GAINWALK LIMITED**

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

#### **FOR THE YEAR ENDED 31 MAY 2018**

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

##### ***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 basic financial liabilities.

##### ***Equity Instruments***

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### ***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.

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. Amounts due from lessees under finance leases are recognised in debtors at the present value of the future minimum lease payments plus any unguaranteed residual value (the "net investment in the lease") plus incremental costs of negotiating and arranging the lease. Finance income from assets leased under a finance lease is allocated to accounting periods so as to reflect a constant periodic rate of return in the net investment in the lease.

**GAINWALK LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2018****1.10 Critical accounting estimates and areas of judgement (continued)***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**

	2018 £	2017 £
Loan interest payable to group undertakings	178,936	181,732
Amortisation of finance charges	2,349	2,349
	<u>181,285</u>	<u>184,081</u>

**4. Profit before taxation**

	2018 £	2017 £
The profit before taxation is stated after charging:		
Auditor's remuneration	3,500	3,500
	<u>3,500</u>	<u>3,500</u>

**5. Employees and directors**

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

**GAINWALK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2018**

<b>6. Taxation</b>	<b>2018 £</b>	<b>2017 £</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	-	(14,311)
Origination and reversal of timing differences	10,706	12,007
<b>Total deferred tax</b>	10,706	(2,304)
<b>Total tax on profit</b>	10,706	(2,304)

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 of 19% (2017: 20%). The differences are explained below:

	<b>2018 £</b>	<b>2017 £</b>
Profit before tax	29,551	28,597
Profit multiplied by the standard rate of Corporation tax in the UK of 19% (2017: 20%).	5,615	5,719
Effects of:		
Non deductible expenses	9,579	9,333
Group relief received without charge	(5,724)	(4,265)
UK transfer pricing	1,236	1,220
Adjustment in respect of finance leases	(10,706)	(12,007)
Origination and reversal of timing differences	10,706	12,007
Change in substantively enacted tax rate	-	(14,311)
<b>Tax charge/(credit)</b>	10,706	(2,304)

A change to reduce the main rate of UK corporation tax to 17% from 1 April 2020 was announced in the Chancellor's Budget on 16 March 2016.

**GAINWALK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2018**

**7. Debtors**

	<b>2018</b> £	2017 £
Amounts owed by group undertakings	462,447	466,888
Finance lease (note 8)	2,650,550	2,664,389
	<u>3,112,997</u>	<u>3,131,277</u>

Amounts falling due in more than one year and included in the debtors above are:

	<b>2018</b> £	2017 £
Finance lease (note 8)	<u>2,629,532</u>	<u>2,650,548</u>

**8. Finance leases**

Gross amounts receivable under finance leases:

	<b>2018</b> £	2017 £
Within one year	236,140	230,380
In the second to fifth years inclusive	1,005,088	980,574
After five years	4,136,194	4,396,847
Gross investment	<u>5,377,422</u>	<u>5,607,801</u>
Less: unearned finance income	(2,726,872)	(2,943,412)
Present value of minimum lease payments	<u>2,650,550</u>	<u>2,664,389</u>
Receivable:		
Within one year	21,017	13,841
In the second to fifth years inclusive	172,056	135,053
After five years	2,457,477	2,515,495
	<u>2,650,550</u>	<u>2,664,389</u>

The company did not recognise any contingent rentals during the year (2017: £Nil).

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

	<b>2018</b> £	2017 £
Loan from group undertakings (note 10)	75,409	65,425
Accruals and deferred income	27,223	27,690
	<u>102,632</u>	<u>93,115</u>

**GAINWALK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2018**

**10. Creditors: amounts falling after more than one year**

	2018 £	2017 £
Loans from group undertakings	2,868,082	2,925,430
Loan maturity analysis		
In less than one year	77,758	67,773
In more than one year but not more than two years	81,845	77,760
In more than two years but not more than five years	267,599	255,765
In more than five years	2,558,310	2,633,926
	<u>2,985,512</u>	<u>3,035,224</u>
Less: finance charges allocated to future periods	(42,021)	(44,369)
	<u>2,943,491</u>	<u>2,990,855</u>
Less: included in amounts due within one year	(75,409)	(65,425)
	<u><u>2,868,082</u></u>	<u><u>2,925,430</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 5.65% per annum.

Loans 1, 2 and 3 are repayable in instalments until 2032 when the following bullet payments will be made:

Loan:	Bullet payment:
Loan 1	£344,732
Loan 2	£272,113
Loan 3	£218,267

Loans 4 and 5 roll up the interest shortfall into the loan balance until 2020 and Loan 6 rolls up the interest into the loan until 2022. Thereafter, interest will be paid in full and the loans are 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 2018, including the company's loans, is £97,486,709 (2017: £99,513,841) and the fair value of the financial instruments also subject to the cross-collateralisation is a liability of £20,114,648 (2017: £23,435,431).



**GAINWALK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2018**

**11. Financial instruments**

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

	2018 £	2017 £
Financial assets:		
Debt instruments measured at amortised cost	462,447	466,888
	<u>          </u>	<u>          </u>
Financial liabilities:		
Measured at amortised cost	3,012,735	3,062,914
	<u>          </u>	<u>          </u>

**12. Provision for liabilities**

	Deferred taxation £
1 June 2017	255,635
Profit and loss account	10,706
	<u>          </u>
31 May 2018	266,341
	<u>          </u>

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

	2018 £	2017 £
Other timing differences	266,341	255,635
	<u>          </u>	<u>          </u>

Other timing differences arise on the difference in recognition of net income from the finance lease over the lease term at a constant rate of return and that recognised for tax purposes. These timing differences are not expected to begin reversing until 2024.

**13. Share capital and reserves**

**Share capital**

	2018 £	2017 £
Allotted, issued and fully paid:		
1 ordinary share of £1	1	1
	<u>          </u>	<u>          </u>

*Ordinary share rights*

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

**GAINWALK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2018**

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**13. Share capital and reserves (continued)**

**Reserves**

Reserves of the Company represent the following:

*Retained earnings*

Cumulative profit and loss net of distributions to owners

**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, £462,447 (2017: £466,888) was due from that company. No interest accrues on this balance. Management fees payable for the year amounted to £1,200 (2017: £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 £97,486,709 (2017: £99,513,841). Of this amount £23,265,946 (2017: £24,619,146) 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 £20,114,648 (2017: £23,435,431) of which £2,010,903 (2017: £2,515,806) 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.