

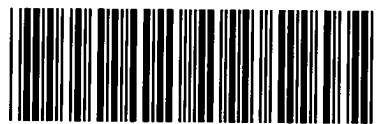
# Lanespace Limited

## GROUP FINANCIAL STATEMENTS

for the year ended

31 May 2015

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COMPANIES HOUSE

Company Registration No. 04429272

# Lanespace Limited

## COMPANY INFORMATION

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DIRECTORS	R Tchenguiz MR Turner
COMPANY NUMBER	04429272 (England & Wales)
REGISTERED OFFICE	5th Floor Leconfield House Curzon Street London W1J 5JA
AUDITOR	Baker Tilly UK Audit LLP 3rd Floor One London Square Cross Lanes Guildford Surrey GU1 1UN
SOLICITORS	Osborne Clarke One London Wall London EC2Y 5EB

# Lanespace Limited

## STRATEGIC REPORT

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The directors present their Strategic Report of Lanespace Limited for the year ended 31 May 2015.

### REVIEW OF THE BUSINESS

The group's investment properties held at 31 May 2015 were valued as at that date at £131,160,000 (2014: £134,665,000) by the directors. The decrease in value during the year amounted to £3,505,000 (2014: £13,088,500) as set out in Note 7. The directors believe this to be a permanent diminution in value.

There have been no changes in tenancy during the year.

In the opinion of the directors the result for the year and the financial position of the group and of the company at 31 May 2015 were satisfactory, given the support of Rotch Property Group Limited, a related party.

### KEY PERFORMANCE INDICATORS

The Company is an intermediate holding company; accordingly it has no key performance indicators. The directors use the following key indicators to measure the Group's performance:

	2015	2014
Ratio of loan to property value	73%	76%
Interest rental cover	207%	179%

### RISKS AND UNCERTAINTIES

It is the Group's policy that no trading in financial instruments shall be undertaken. The Group only enters into derivative contracts as part of its risk mitigation strategy.

The Group is exposed to interest rate risk, tenant credit risk, cash flow risk and market value risk.

#### Interest rate risk

The Group is party to fixed interest rate loans through the issue of interest rate swap arrangements and has an RPI swap arrangement whereby the Group either benefits from reduced interest rates or suffers from increased interest rates depending on whether the RPI rate is above or below 2.99%.

#### Tenant credit risk

The risk has been mitigated by the Group only taking on appropriate tenants with credit checks undertaken by Prime Estates Property Management Limited, a related party.

#### Cash flow risk

The Group minimises its cash flow risk of non-performance on its loan agreements by minimising tenant credit risk and through either arranging for its rentals to be paid by direct transfer or by employing Prime Estates Property Management Limited, a related party, as its management agents utilising their specialist skills to ensure collection of rent takes place on time.

#### Market value risk

The Group's investment property values are determined by market forces outside of the Group's control.

The Group is not exposed to a loan default resulting from a fall in property values as the loan agreement does not include a loan to value covenant.

On behalf of the board



R Tchenguiz  
Director

21 October 2015

# Lanespace Limited

## DIRECTORS' REPORT

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The directors present their report and the consolidated financial statements of Lanespace Limited and subsidiary undertakings for the year ended 31 May 2015.

### PRINCIPAL ACTIVITIES

The principal activity of the Group is the letting of investment property. There were no additions or disposals of investment property during the year.

The principal activity of the Company during the year was that of acting as an intermediate holding company. The Company did not trade during the year.

### DIVIDENDS

The directors do not recommend payment of a dividend.

### DIRECTORS

The following directors have held office since 1 June 2014:

R Tchenguiz  
M R Turner

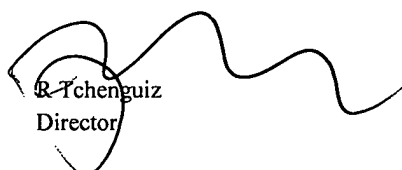
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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. Each of 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

A resolution to reappoint Baker Tilly UK Audit LLP, whose name will change on 26 October 2015 to RSM UK Audit LLP, as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

On behalf of the board



R. Tchenguiz  
Director

21 October 2015

# Lanespace Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Strategic Report and 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 the group and of the profit or loss of the group 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. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANESPACE LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 20. 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).

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 the directors and auditor

As more fully explained 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. 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 group's and parent company's affairs as at 31 May 2015 and of the group's 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

*Baker Tilly UK Audit LLP*

Christopher Hurren BA FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3rd Floor

One London Square

Cross Lanes

Guildford

Surrey

GU1 1UN

23/10/15

**Lanespace Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 May 2015

		2015	2014
	Notes	£	£
RENT RECEIVABLE		13,920,819	12,259,101
Other operating expenses	1	(74,000)	(74,000)
OPERATING PROFIT		<u>13,846,819</u>	<u>12,185,101</u>
Permanent diminution in value of investment property	7	(3,505,000)	(5,961,789)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		<u>10,341,819</u>	<u>6,223,312</u>
Interest payable and similar charges	2	(6,875,216)	(6,989,527)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>3,466,603</u>	<u>(766,215)</u>
Taxation	5	(1,249,267)	(287,225)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u><u>2,217,336</u></u>	<u><u>(1,053,440)</u></u>

All amounts derive from continuing activities.

# Lanespace Limited

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 May 2015

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	Note	2015 £	2014 £
Profit/(loss) for the financial year		2,217,336	(1,053,440)
Unrealised deficit on revaluation of properties	7	-	(7,126,711)
Total recognised gains and losses relating to the year		<u>2,217,336</u>	<u>(8,180,151)</u>



**Lanespace Limited**  
**CONSOLIDATED BALANCE SHEET**  
As at 31 May 2015

Company Registration Number 04429272

	Notes	2015 £	2014 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	131,160,000	134,665,000
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors	9	409,199	554,669
Cash at bank and in hand		-	13,552
		<hr/>	<hr/>
		409,199	568,221
		<hr/>	<hr/>
CREDITORS: Amounts falling due within one year	10	(31,858,494)	(29,510,559)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(31,449,295)	(28,942,338)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		99,710,705	105,722,662
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	11	(92,028,621)	(100,458,987)
		<hr/>	<hr/>
PROVISIONS FOR LIABILITIES	12	(3,622,367)	(3,421,294)
		<hr/>	<hr/>
NET ASSETS		4,059,717	1,842,381
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100	100
Revaluation reserve	14	-	-
Profit and loss account	14	4,059,617	1,842,281
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	15	4,059,717	1,842,381
		<hr/>	<hr/>

The financial statements on pages 6 to 20 were approved by the board of directors and authorised for issue on 21 October 2015 and are signed on its behalf by:

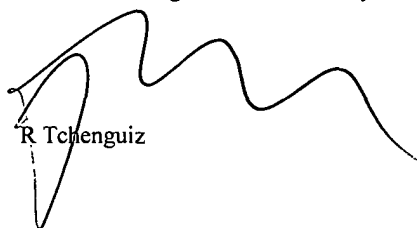
  
R. Tchenguiz  
Director

**Lanespace Limited**  
**COMPANY BALANCE SHEET**  
**As at 31 May 2015**

Company Registration Number 04429272

	Notes	2015 £	2014 £
<b>FIXED ASSETS</b>			
Investments	8	16,399,762	16,399,762
<b>CREDITORS: Amounts falling due within one year</b>	10	(16,399,662)	(16,399,662)
<b>NET CURRENT LIABILITIES</b>		<u>(16,399,662)</u>	<u>(16,399,662)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>100</u>	<u>100</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100	100
<b>SHAREHOLDERS' FUNDS</b>	15	<u>100</u>	<u>100</u>

The financial statements on pages 6 to 20 were approved by the board of directors and authorised for issue on 2016 and are signed on its behalf by:



R Tchenguiz

Director

# Lanespace Limited

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2015

	Notes	£	2015 £	£	2014 £
<b>Net cash inflow from operating activities</b>	16		14,647,952		12,310,924
<b>Returns on investments and servicing of finance</b>					
Interest paid		(5,110,698)		(5,312,484)	
			(5,110,698)		(5,312,484)
<b>Net cash inflow before financing</b>			9,537,254		6,998,440
<b>Tax Paid</b>			(520,567)		-
<b>Financing</b>					
Repayment of amounts borrowed			(9,030,239)		(6,994,468)
<b>(Decrease) / Increase in cash</b>	16		(13,552)		3,972

# Lanespace Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards.

The financial statements have been prepared under the historical cost convention with the exception of investment properties which are stated at revalued amounts.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

### BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the company and all its subsidiaries. Subsidiaries acquired are consolidated using the acquisition method. Their results are incorporated from the date the control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for impairment. All financial statements are made up to 31 May annually.

### GOING CONCERN

The group's property investment and funding structure has been set up to be principally self funding.

The directors have assessed the operation of the structure and the continuation and availability of support being provided by Rotch Property Group Limited (see note 19), a related company, and have determined that the group and the company have, or can expect to have, sufficient working capital for their 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.

### INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No.19, investment properties are revalued annually on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment is a departure from the requirements of the Companies Act concerning the depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

### INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any impairment in value.

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements.

No provision is made for deferred tax on unrealised gains recognised on revaluing property to its market value.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

# Lanespace Limited

## ACCOUNTING POLICIES

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### RENT RECEIVABLE

Rental income from investment properties leased out under operating leases is recognised in the profit and loss account on an accruals basis over the term of the lease. The effect of rent reviews is only recognised when such reviews have been agreed with tenants. Where rents are subject to fixed indexation in lieu of rent reviews, the rents are recognised on a systemic basis as income in the periods in which they are earned.

Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

### HEDGING FINANCIAL INSTRUMENTS

Receipts and payments arising from financial instruments entered into in order to fix interest payable on loans are treated as additions to or reductions from interest payable.

The fair value of the financial instruments is not recognised in these accounts.

# Lanespace Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2015

1	OTHER OPERATING EXPENSES	2015 £	2014 £
	Administrative expenses	74,000	74,000
2	INTEREST PAYABLE AND SIMILAR CHARGES	2015 £	2014 £
	On bank loans	6,729,748	6,841,387
	Amortisation of finance costs	145,468	148,140
		<u>6,875,216</u>	<u>6,989,527</u>
3	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2015 £	2014 £
	Profit is stated after charging:		
	Auditor's remuneration:		
	audit of parent company and consolidation	1,725	1,725
	audit of the company's subsidiaries	7,275	7,275
4	EMPLOYEES		

There were no employees during either the current or prior year apart from the directors, who received no emoluments.

# Lanespace Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2015

5	TAXATION	2015 £	2014 £
	UK Corporation		
	Current tax charge	1,048,194	520,567
	Deferred tax:		
	Effects of changes in tax rates and laws	-	(519,885)
	Deferred tax charge current year	201,073	255,517
	Deferred tax adjustments in prior years	-	31,026
	Total deferred tax charge	201,073	(233,342)
	Tax on profit on ordinary activities	1,249,267	287,225
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	3,466,603	(766,215)
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2014: 21%)	693,321	(160,905)
	Effects of:		
	Effects of changes in tax rates and laws	41,905	38,258
	UK transfer pricing	(23,265)	(60,782)
	Capital allowances	(343,655)	(440,046)
	Tax losses utilised	-	(107,934)
	Permanent diminution in value of property	701,000	1,251,976
	Group relief	(21,112)	-
		354,873	681,472
	Current tax charge	1,048,194	520,567

## 6 COMPANY PROFIT AND LOSS ACCOUNT

As permitted by section 408 Companies Act 2006, no separate profit and loss account of the company is presented. The company's profit for the year amounted to £Nil (2014: £Nil).

## 7 TANGIBLE FIXED ASSETS

	Investment properties £
Valuation	
At 1 June 2014	134,665,000
Revaluation deficit	(3,505,000)
At 31 May 2015	131,160,000

The properties were valued as at 31 May 2015 at £131,160,000 (2014: £134,665,000) by the directors based on reports provided to them by Chartered Surveyors employed by a related party management company.

The original cost of the properties was £158,840,455 (2014: £158,840,455).

# Lanespace Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2014

### 7 TANGIBLE FIXED ASSETS (Continued)

Investment property at net book value comprises:	2015 £	2014 £
Freehold	124,220,000	127,634,000
Long leasehold	6,940,000	7,031,000
	<u>131,160,000</u>	<u>134,665,000</u>

### 8 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £
Cost:	
1 June 2014 and 31 May 2015	<u>16,399,762</u>

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The company holds more than 20% of the share capital of the following companies all of which are incorporated in England:

Company	Principal activity	Class	Shares held %
Subsidiary undertakings			
Holaw (582) Limited	Holding company	£1 Ordinary	100
Holaw (581) Limited*	Holding company	£1 Ordinary	100
Holaw (580) Limited*	Property investment	£1 Ordinary	100
Pipesafe Limited*	Property investment	£1 Ordinary	100

\*Held via the subsidiary Holaw (582) Limited

### 9 DEBTORS

	2015 £	2014 £
Other debtors	-	1
Prepayments and accrued income	409,199	554,668
	<u>409,199</u>	<u>554,669</u>



# Lanespace Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2015

### 9 DEBTORS (Continued)

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

	2015	2014
	£	£

Prepayments and accrued income	265,410	407,706
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### 10 CREDITORS: amounts falling due within one year

	2015	2014
	£	£

#### GROUP

Bank loan (note 11)	10,139,879	9,030,239
Corporation tax	1,048,194	520,567
Taxes and social security costs	528,969	407,285
Other creditors	17,996,420	17,473,921
Accruals and deferred income	2,145,032	2,078,547

	31,858,494	29,510,559
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	2015	2014
	£	£

#### COMPANY

Other creditors	16,399,662	16,399,662
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### 11 CREDITORS: amounts falling due after more than one year

	2015	2014
	£	£

#### GROUP

Bank loan	85,462,313	93,892,679
Other creditors	6,566,308	6,566,308

	92,028,621	100,458,987
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# Lanespace Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2015

### 11 CREDITORS: amounts falling due after more than one year (Continued)

	2015	2014
	£	£
Loan maturity analysis		
In more than one year but not more than two years	10,939,297	10,139,879
In more than two years but not more than five years	74,523,016	83,752,800
	<u>85,462,313</u>	<u>93,892,679</u>

The bank loan comprises of three loan tranches, the interest rate on which has been fixed by way of separate swap agreements:

Tranche A of £23,735,888 (2014: £31,279,701) is repayable by instalments by April 2018 and bears interest at 6.85% per annum.

Tranche B of £46,263,160 (2014: £47,749,586) is repayable by April 2018 and bears interest at 6.93% per annum. Part of the interest was repaid and part is rolled up and capitalised until October 2014. The loan is then repaid by instalments. On maturity in April 2018 the balance of the loan is then repaid by a one off £40,000,000 payment.

Tranche C of £25,603,144 (2014: £23,893,631) bears interest at 7.06% per annum. The interest is accrued until maturity in April 2018 when the loan and interest are repaid by a payment of £31,500,000.

The loan is secured by a fixed and floating charge over the group's investment properties.

The group has also entered into an RPI swap agreement. Under the terms of the swap the group either benefits from reduced interest rates or suffers from increased interest rates depending on whether the RPI rate is above or below 2.99%.

The Other creditor, which represents an amount due to a related party for which there are no set repayment terms, is unsecured, interest free and is subject to a deed of priority and subordination whereby it can only be settled after repayment of the bank loan.

### 12 PROVISIONS FOR LIABILITIES

PROVISIONS FOR LIABILITIES		Deferred tax liabilities £
GROUP		
Balance at 1 June 2014		3,421,294
Profit and loss account		201,073
		<hr/>
Balance at 31 May 2015		3,622,367
		<hr/> <hr/>
The deferred tax liability is made up as follows:		
	2015	2014
	£	£
	<hr/>	<hr/>
Excess of capital allowances over depreciation	3,622,367	3,421,294

# Lanespace Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2015

### 12 PROVISIONS FOR LIABILITIES (Continued)

No provision for deferred taxation has been made in respect of the properties held as investments which are included in these financial statements at a valuation of £131,160,000 (2014: £134,665,000). It is estimated that if these properties were to be sold at that valuation the tax liability would amount to £Nil (2014: £Nil).

### 13 SHARE CAPITAL

	2015 £	2014 £
Allotted, issued and fully paid Equity shares 100 Ordinary shares of £1	100	100

### 14 STATEMENT OF MOVEMENT ON RESERVES

	Revaluation reserve £	Profit and loss account £
Balance at 1 June 2014	-	1,842,281
Profit for the year	-	2,217,336
Unrealised deficit on revaluation on properties	-	-
Transfer from revaluation reserve to profit and loss account	-	-
Balance at 31 May 2015	-	4,059,617

### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP	2015 £	2014 £
Profit/(loss) for the financial year	2,217,336	(1,053,440)
Other recognised gains and losses	-	(7,126,711)
Net additional/(depletion) in shareholders' funds	2,217,336	(8,180,151)
Opening shareholders' funds	1,842,381	10,022,532
Closing shareholders' funds	4,059,717	1,842,381

# Lanespace Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2015

### 15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (Continued)

COMPANY	2015 £	2014 £
Result for the financial year	-	-
Opening shareholders' funds	100	100
Closing shareholders' funds	<u>100</u>	<u>100</u>

### 16 NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating profit to net cash inflow from operating activities	2015 £	2014 £
Operating profit	13,846,819	12,185,101
Increase in creditors	801,133	125,823
Net cash inflow from operating activities	<u>14,647,952</u>	<u>12,310,924</u>

Reconciliation of net cash flows to movements in net debt	2015 £	2014 £
(Decrease)/increase in cash	(13,552)	3,972
Decrease in debt	9,030,239	6,994,468
Interest on loans accrued and capitalised	(1,709,513)	(1,595,368)
Movement in net debt in year	<u>7,307,174</u>	<u>5,403,072</u>
Net debt as at 31 May 2014	(102,909,366)	(108,312,438)
Net debt as at 31 May 2015	<u>(95,602,192)</u>	<u>(102,909,366)</u>

Analysis of changes in net debt	At 31 May 2014 £	Cash flow £	Non-cash changes £	At 31 May 2015 £
Cash at bank and in hand	13,552	(13,552)	-	-
Debt due within 1 year	(9,030,239)	9,030,239	(10,139,879)	(10,139,879)
Debt due after 1 year	(93,892,679)	-	8,430,366	(85,462,313)
	<u>(102,909,366)</u>	<u>9,016,687</u>	<u>(1,709,513)</u>	<u>(95,602,192)</u>

Non-cash changes represents the accrual and capitalisation of interest payable of £1,709,513 (2014: £1,595,368) and the movement in the loan maturity analysis between within and after one year.

# Lanespace Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2015

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### 17 FINANCIAL INSTRUMENTS

The Group has entered into fixed interest rate swaps to fix interest on its bank loans as detailed in note 11. The fair value of the group's exposure on these swaps at 31 May 2015 was (£29,552,473) (2014: (£31,353,174)).

The Group has also entered into RPI swap agreements to also regularise interest rates, as detailed in note 11. The fair value of these swaps at 31 May 2015 was £73,556 (2014: £46,416).

### 18 CONTROL

The Group's immediate and ultimate holding company is Highgreen Limited, a company registered in the British Virgin Islands.

At the year end there was no single ultimate controlling party.

### 19 RELATED PARTY TRANSACTIONS

The Group is related to other companies with whom it has directors in common.

At the balance sheet date, and included within other creditors, £14,907,354 (2014: £14,677,931) was due to one such company, Rotch Property Group Limited by the Group, of which £7,037,364 (2014: £7,037,364) was due by the Company. No interest accrues on these balances. Management fees payable to Rotch Property Group for the year amounted to £65,000 (2014: £65,000).

Also included within other creditors is a balance of £9,655,374 (2014: £9,362,298) due by the group to Aldersgate Investments Limited which owns a 50% share in the group. Of this 9,362,298 (2014: £9,362,298) was due by the company.

Rotch Property Group Limited has agreed not to demand repayment of the amount due to it should that result in the Group not being able to meet its obligations in the normal course of business. Rotch Property Group Limited has also agreed to provide limited support to assist the Group in meeting its operational costs as they arise should this be necessary.