

Company Registration No. 04827515 (England and Wales)

ABBAY COMMERCIAL LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



ABBAY COMMERCIAL LTD

COMPANY INFORMATION

Directors	B Ackerman N Ackerman
Company number	04827515
Registered office	233-237 Old Marylebone Road London NW1 5QT
Auditor	Wilder Coe Ltd Chartered Accountants & Statutory Auditors 233-237 Old Marylebone Road London NW1 5QT

ABBHEY COMMERCIAL LTD

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ABBEEY COMMERCIAL LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report for the year ended 31 December 2015.

Fair review of the business

Abbey Commercial Ltd was incorporated on 9 July 2003 and remained dormant until November 2014. At this time the company acquired property assets and shares in subsidiary companies, financed by intra-group debt and a new loan facility with Lloyds Bank. This formed part of a broader restructuring exercise undertaken by the company's parent, Bana One Ltd.

These financial statements present the performance and position of the company for the first full year of trading following the restructuring. These financial statements have also, for the first time, been prepared under new UK accounting standards. This has resulted in material changes to the results reported in the prior year accounts.

During the year ended 31 December 2015, the company's net assets increased from £52,250,236 at 31 December 2014 to £55,695,005, attributable mainly to the upward revaluation of investment properties, resulting from the active management of properties and capital expenditure. This does not reflect any change in the net assets of the company's subsidiaries, whose results have not been consolidated into these financial statements.

The company's short and medium terms objectives are:

- To pro-actively manage and enhance the value of the company's property investment portfolio
- To complete one major conversion project in Brighton by the end of 2016
- To plan ahead for scheduled loan repayments in 2017 and 2019
- To continue to develop management and reporting systems, to meet the needs of both management and external stakeholders.

We have made progress towards meeting these objectives. In particular:

- In March 2016 we opened a management office in Bournemouth, to enable us to more effectively manage our South Coast portfolio
- We have completed a group-wide review of the property portfolio to assess whether the company's holdings meet our investment criteria.
- We have identified non-core assets, and sold two properties in 2016 for an aggregate of £3.5M. Further sales are planned

The principal operational risks faced by the company are those of general market and economic risks in common with other businesses in the property sector.

The company and its subsidiaries hold in excess of 100 properties, in London, the South-East and South Coast, with a mix of commercial and residential units and a substantial ground rent portfolio. The diversity of the company's portfolio provides some measure of protection against adverse market conditions and economic risks.

The company's exposure to increases in bank base rate has been largely mitigated by way of an interest-rate swap. The company continues to meet its bank loan covenants.

On behalf of the board

B Ackerman

Director

26 September 2016

ABBEEY COMMERCIAL LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and audited financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of the company is that of property investment.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B Ackerman

N Ackerman

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditors

Wilder Coe LLP transferred their business to a new limited company called Wilder Coe Ltd in an agreement dated 31 July 2016. As part of this restructuring arrangement, Wilder Coe LLP resigned as auditors and, in accordance with the Companies Act 2006, Wilder Coe Ltd were subsequently appointed as auditors with effect from 1 August 2016.

The auditors, Wilder Coe Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

ABBHEY COMMERCIAL LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

B Ackerman

Director

26 September 2016

ABBEY COMMERCIAL LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABBEY COMMERCIAL LTD

We have audited the financial statements of Abbey Commercial Ltd for the year ended 31 December 2015 set out 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), 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 explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit 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 matters 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.

ABBEY COMMERCIAL LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ABBEY COMMERCIAL LTD

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.

Mark Saunders BA FCA (Senior Statutory Auditor)
for and on behalf of Wilder Coe Ltd



26 September 2016

Chartered Accountants & Statutory
Auditors
233-237 Old Marylebone Road
London
NW1 5QT

ABBHEY COMMERCIAL LTD

STATEMENT OF INCOME AND RETAINED EARNINGS **FOR THE YEAR ENDED 31 DECEMBER 2015**

		2015	2014
	Notes	£	as restated £
Turnover	3	12,540,796	1,071,223
Cost of sales		(5,555,021)	(1,104,405)
Gross profit/(loss)		6,985,775	(33,182)
Administrative expenses		(43,040)	(38,200)
Operating profit/(loss)	4	6,942,735	(71,382)
Interest receivable and similar income	5	520	5
Interest payable and similar charges	6	(5,518,554)	(4,987,230)
Revaluation of investment properties	7	1,387,275	10,069,708
Profit before taxation		2,811,976	5,011,101
Taxation	8	632,793	(10,239,134)
Profit/(loss) for the financial year		3,444,769	(5,228,033)
Retained earnings at 1 January 2015		(5,228,033)	-
Retained earnings at 31 December 2015		(1,783,264)	(5,228,033)

The notes on pages 9 to 20 form part of these statements.

ABBEEY COMMERCIAL LTD

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015		2014 as restated	
		£	£	£	£
Fixed assets					
Investment properties	9	174,222,399		171,281,768	
Investments	10	17,658,922		17,658,922	
		<u>191,881,321</u>		<u>188,940,690</u>	
Current assets					
Debtors	12	16,689,799		17,043,048	
Cash at bank and in hand		2,508,915		2,437,016	
		<u>19,198,714</u>		<u>19,480,064</u>	
Creditors: amounts falling due within one year	13	(8,937,162)		(6,836,841)	
Net current assets		<u>10,261,552</u>		<u>12,643,223</u>	
Total assets less current liabilities		<u>202,142,873</u>		<u>201,583,913</u>	
Creditors: amounts falling due after more than one year	14	(136,841,527)		(139,094,543)	
Provisions for liabilities	17	(9,606,341)		(10,239,134)	
Net assets		<u>55,695,005</u>		<u>52,250,236</u>	
Capital and reserves					
Called up share capital	18	4		4	
Share premium account		57,478,265		57,478,265	
Profit and loss reserves		(1,783,264)		(5,228,033)	
Total equity		<u>55,695,005</u>		<u>52,250,236</u>	

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

26 September 2016

B Ackerman
Director

Company Registration No. 04827515

ABBHEY COMMERCIAL LTD

STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2014		2	-	-	2
Year ended 31 December 2014 (restated):					
Profit for the year		-	-	(5,228,033)	(5,228,033)
Total comprehensive income for the year		-	-	(5,228,033)	(5,228,033)
Issue of share capital	18	2	57,478,265	-	57,478,267
Balance at 31 December 2014 (restated)		4	57,478,265	(5,228,033)	52,250,236
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	3,444,769	3,444,769
Balance at 31 December 2015		4	57,478,265	(1,783,264)	55,695,005

ABBHEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Abbey Commercial Ltd is a company limited by shares incorporated in England and Wales. The registered office is 233-237 Old Marylebone Road, London, NW1 5QT.

1.1 Accounting convention

The financial statements have been prepared on the historical cost convention and 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.

The financial statements are prepared in GBP sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ (GBP).

The date of transition to FRS 102 was 1 January 2014; an explanation of how transition has affected the reported financial position and performance of the company is given in note 21.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of exemptions from the following disclosure requirements, as permitted by FRS 102:

- the requirements of Section 7 'Statement of Cash Flows';
- the requirements of Section 3 'Financial Statement Presentation' - paragraph 3.17 (d);
- the requirement of Section 33 'Related Party Disclosures' - paragraph 33.1A

This information is included in the consolidated financial statements of Bana One Limited as at 31 December 2015. These consolidated financial statements may be obtained from 235 Old Marylebone Road, London, NW1 5QT.

1.2 Turnover

Turnover comprises rental and other property related income exclusive of VAT.

Revenue in respect of rental income, lease premiums, insurance and other recharges of property related expenditure is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax.

1.3 Investment properties

Investment properties are carried at fair value, determined annually by the directors on the basis of open market value for its current use. No depreciation is provided in relation to investment properties. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

1.4 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the Statement of Income and Retained Earnings.

1.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

ABBHEY COMMERCIAL LTD

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

1 Accounting policies

(Continued)

1.6 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 to all of its financial instruments.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off.

Basic financial assets

Basic financial assets, which include debtors 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 assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price.

Short term creditors are measured at cost/transaction price and not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at each reporting date at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Income and Retained Earnings, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in Statement of Income and Retained Earnings.

Current tax

The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting end date.

ABBEEY COMMERCIAL LTD

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

1 Accounting policies

(Continued)

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is charged or credited in the profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.8 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received in the year relate to capital works undertaken, and grant income has been credited against fixed asset additions.

2 Judgements and key sources of estimation uncertainty

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Directors Valuation of Investment Properties

Investment properties are valued by a director who is a chartered surveyor. In arriving at valuations, the director must make judgements about the specific circumstances of each property, as well as macro-economic conditions.

Financial Instruments

A further area of judgement is the fair value measurement of an interest rate swap derivative. Fair value has been measured at the net present value of future committed cash outflows, calculated using the relevant interest rates in force at the balance sheet date, and discounting at an appropriate rate.

3 Turnover

An analysis of the company's turnover is as follows:

	2015	2014
	£	£
Turnover		
Rent receivable	11,236,263	1,044,426
Lease extensions	123,000	26,797
Other	1,181,533	-
	<u>12,540,796</u>	<u>1,071,223</u>

ABBHEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2015**

3 Turnover **(Continued)**

Turnover analysed by geographical market

	2015	2014
	£	£
United Kingdom	12,540,796	1,071,223

4 Operating profit/(loss)

	2015	2014
	£	£
Operating profit/(loss) for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	28,750	4,125

5 Interest receivable and similar income

	2015	2014
	£	£
Other interest income	520	5

6 Interest payable and similar charges

	2015	2014
	£	as restated £
Interest on bank overdrafts, loans and similar charges	6,664,961	558,732
Fair value adjustments on interest rate swaps	(1,146,407)	6,184,543
Cancellation of novated swap liabilities	-	(1,756,045)
	5,518,554	4,987,230

7 Revaluation of investment properties

	2015	2014
	£	as restated £
Changes in the fair value of investment properties	1,387,275	10,069,708

ABBHEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2015**

8 Taxation

	2015 £	2014 as restated £
Deferred tax		
Origination and reversal of timing differences	(632,793)	10,239,134

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £	2014 as restated £
Profit before taxation	2,811,976	5,011,101
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 21.00%)	562,395	1,052,331
FRS 102 transitional adjustments	-	(926,159)
Creation of tax losses	-	(126,172)
Utilisation of tax losses	(562,395)	-
Other timing differences leading to a (decrease)/increase in the tax charge	(632,793)	10,239,134
Tax expense for the year	(632,793)	10,239,134

9 Investment property

	2015 £
Valuation	
At 1 January 2015	171,281,768
Additions	1,553,356
Net gains or losses through fair value adjustments	1,387,275
At 31 December 2015	174,222,399

The fair value of investment property has been determined by one of the directors of the company, who is a chartered surveyor. Fair value has been determined by reference to, inter-alia, independent surveys, marketing reports, letting status, planning status and physical inspection of properties.

ABBEEY COMMERCIAL LTD

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

10 Fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2015 & 31 December 2015	17,658,922
Carrying amount	
At 31 December 2015	17,658,922
At 31 December 2014	17,658,922

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2015 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct
CH Chesterford Limited	England and Wales	Property investment	Ordinary	100.00
Downham Limited	England and Wales	Property investment	Ordinary	100.00
Sledgehammer Holdings Company Limited	England and Wales	Property investment	Ordinary	100.00
Vinehall Estates Limited	England and Wales	Property investment	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
CH Chesterford Limited	1,349,092	11,505,891
Downham Limited	354,716	98,751
Sledgehammer Holdings Company Limited	112,030	3,493,310
Vinehall Estates Limited	222,214	245,770

The reserves figure of Sledgehammer Holdings Company Limited above does not include the reserves of its two subsidiary companies, Sledgehammer Properties Limited and Roadrunner Properties Limited.

ABBEEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2015**

12 Debtors

	2015	2014 as restated
	£	£
Amounts falling due within one year:		
Trade debtors	613,746	623,143
Unpaid share capital	-	2
Amounts due from fellow group undertakings	11,142,369	12,180,197
Other debtors	4,538,551	3,851,193
Prepayments and accrued income	395,133	388,513
	<u>16,689,799</u>	<u>17,043,048</u>

13 Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	1,012,768	675,756
Amounts due to group undertakings	4,001,939	3,563,341
Other taxation and social security	-	13,122
Other creditors	626,223	31,202
Accruals and deferred income	3,296,232	2,553,420
	<u>8,937,162</u>	<u>6,836,841</u>

14 Creditors: amounts falling due after more than one year

		2015	2014 as restated
	Note	£	£
Bank loans and overdrafts	15	131,803,391	132,910,000
Interest rate swap liability		5,038,136	6,184,543
		<u>136,841,527</u>	<u>139,094,543</u>

15 Loans and overdrafts

	2015	2014 as restated
	£	£
Bank loans	<u>131,803,391</u>	<u>132,910,000</u>
Payable after one year	<u>131,803,391</u>	<u>132,910,000</u>

The bank loan is secured by fixed legal charges over the properties to which it relates, including properties owned by subsidiaries and a floating charge over the assets of the company.

ABBEEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2015**

16 Provisions for liabilities

	Note	2015 £	2014 as restated £
Deferred tax liabilities	17	9,606,341	10,239,134
		<u>9,606,341</u>	<u>10,239,134</u>

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2015 £	Liabilities 2014 as restated £
Revaluation of investment properties	<u>9,606,341</u>	<u>10,239,134</u>
Movements in the year:		2015 £
Liability at 1 January 2015		10,239,134
Credit to profit and loss		(632,793)
Liability at 31 December 2015		<u>9,606,341</u>

18 Share capital

	2015 £	2014 £
Issued and fully paid		
4 Ordinary shares of £1 each	<u>4</u>	<u>4</u>

ABBAY COMMERCIAL LTD

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

19 Related party transactions

The company has taken advantage of the exemption available in FRS 102 section 33.1A 'Transactions with group members' whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Included within other creditors is an amount due to a related company of £6,882 (2014: other debtor £25,709), a company under common control.

Included within trade creditors is an amount due to a related company of £457,582 (2014: £11,763), a company under common control.

Included in the profit and loss account are management fees of £1,393,488 (2014: £154,153) payable to a related company under common control.

20 Control

As at 31 December 2015 and 31 December 2014, the immediate parent undertaking was Bana One L1 Ltd, a company incorporated in the United Kingdom.

As at 31 December 2015 and 31 December 2014 the ultimate parent company is Bana One Limited, a company registered in England and Wales.

Bana One Limited prepares group financial statements and copies can be obtained from - 233-237 Old Marylebone Road, London, NW1 5QT.

As at 31 December 2015 and 31 December 2014 B Ackerman was the ultimate controlling party of Bana One Limited.

ABBEEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

21 Reconciliations on 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.

Reconciliation of equity

		At 1 January 2014			At 31 December 2014		
		Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	Note	£	£	£	£	£	£
Fixed assets							
Investment properties		-	-	-	171,281,768	-	171,281,768
Investments		-	-	-	17,658,922	-	17,658,922
		-	-	-	188,940,690	-	188,940,690
Current assets							
Debtors	2	2	-	2	18,133,048	(1,090,000)	17,043,048
Bank and cash		-	-	-	2,437,016	-	2,437,016
		2	-	2	20,570,064	(1,090,000)	19,480,064
Creditors due within one year							
Taxation		-	-	-	(13,122)	-	(13,122)
Other creditors		-	-	-	(6,823,719)	-	(6,823,719)
		-	-	-	(6,836,841)	-	(6,836,841)
Net current assets		2	-	2	13,733,223	(1,090,000)	12,643,223
Total assets less current liabilities		2	-	2	202,673,913	(1,090,000)	201,583,913
Creditors due after one year							
Loans and overdrafts	2	-	-	-	(134,000,000)	1,090,000	(132,910,000)
Other creditors	4	-	-	-	(1,756,045)	(4,428,498)	(6,184,543)
		-	-	-	(135,756,045)	(3,338,498)	(139,094,543)
Provisions for liabilities							
Deferred tax	3	-	-	-	-	(10,239,134)	(10,239,134)
Net assets		2	-	2	66,917,868	(14,667,632)	52,250,236

ABBEEY COMMERCIAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2015**

21 Reconciliations on adoption of FRS 102

(Continued)

Note	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	£	£	£	£	£	£
Capital and reserves						
Share capital	2	-	2	4	-	4
Share premium	-	-	-	57,478,265	-	57,478,265
Revaluation reserve	1	-	-	10,069,708	(10,069,708)	-
Profit and loss	1	-	-	(630,109)	(4,597,924)	(5,228,033)
Total equity	2	-	2	66,917,868	(14,667,632)	52,250,236

Reconciliation of profit or loss for the year

Note	Year ended 31 December 2014		
	Previous UK GAAP	Effect of transition	FRS 102
	£	£	£
Turnover	1,071,223	-	1,071,223
Cost of sales	(1,104,405)	-	(1,104,405)
Gross profit/(loss)	(33,182)	-	(33,182)
Administrative expenses	(38,200)	-	(38,200)
Interest receivable and similar income	5	-	5
Interest payable and similar charges	4	(4,428,498)	(4,987,230)
Revaluation of investment property	1	10,069,708	10,069,708
(Loss)/profit before taxation	(630,109)	5,641,210	5,011,101
Taxation	3	(10,239,134)	(10,239,134)
Loss for the financial period	(630,109)	(4,597,924)	(5,228,033)

Notes to reconciliations on adoption of FRS 102

1. Investment property revaluation

Prior to applying FRS 102 the upward revaluation of investment properties was credited to a revaluation reserve. Under FRS 102 revaluation gains and losses will pass through the profit and loss account. There is no change in the balance sheet total resulting from this change.

ABBEY COMMERCIAL LTD

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

21 Reconciliations on adoption of FRS 102

(Continued)

2. Loan arrangement fees

Prior to adopting FRS 102, loan arrangement fees were included in prepayments and released to the profit and loss straight line over the loan term. Under FRS 102, these loan arrangement fees have been transferred from prepayments into the initial measurement of the bank loan, as is required for basic financial instruments. The resultant bank loan liability is then measured on the amortised cost basis using the effective interest method. There is no impact on reported profit for the year ended 31 December 2014 as the bank loan was entered into shortly before the year end date and the profit and loss effect is judged not to be material.

3. Deferred Tax

Prior to the adoption of FRS 102, no provision for deferred tax was recognised in respect of latest chargeable gains. FRS 102 requires the company to make provision for corporation tax that would crystallise in the event that the underlying property asset were sold for the carrying value.

The company purchased all of its properties from other group companies on a no gain / no loss basis. As a result, the cost was reduced by the amount of the deferred tax that arises from inheriting the vendors' tax base cost.

The effect of the deferred tax provision required by FRS 102 is to reduce the balance sheet total by £10,239,134.

4. Fair Value Measurement of Other Financial Liabilities

Prior to the adoption of FRS 102 the company was not required to recognise a liability for future interest payments under an interest-rate swap agreement.

On adoption of FRS 102, the company has recognised a liability of £6,184,543 as at 31 December 2014, being the fair value calculated as the present value of future committed interest payments. The 2014 accounts included a liability of £1,756,045 which related to the novation of swap liabilities transferred to the company by the vendors. These liabilities were reflected in the pricing of the new swap agreement. As a result, the liability in the 2014 accounts has been cancelled, to avoid duplication.

The effect of these adjustments is to reduce the balance sheet total by £4,428,498.

5. Reserves

As a result of the adoption of FRS 102, the Profit and Loss Reserve comprises distributable and non-distributable components. The non-distributable element is the aggregate of property revaluations and related deferred tax.

As at 31 December 2015 there were negative distributable reserves of £3,633,906 (2014: negative £5,058,607). The non-distributable component as at 31 December 2015 was positive £1,850,642 (2014: negative £169,426).