

NCC Farnborough Investments Limited
Annual Report and Financial Statements
For the year ended 31 December 2016

Company Registration Number: 5294645

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NCC Farnborough Investments Limited

Annual report and financial statements

For the year ended 31 December 2016

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NCC Farnborough Investments Limited

Directors' report for the year ended 31 December 2016

The directors of NCC Farnborough Investments Limited present their report and audited financial statements for the year to 31 December 2016.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime under section 415A of the Companies Act 2006.

The directors have not presented a Strategic report in accordance with section 414B of the Companies Act 2006.

Business review

The principal activity of the Company is to act as the trustee of the Park Avenue Trust, a Unit Trust which holds an interest in the economic rights and obligations of selected commercial real estate held under third party long-term leases and is likely to remain such for the foreseeable future.

Given the nature of the business, the Company's directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The Company's principal risks arise from the possibility that operational failures may result in it being unable to perform its role as Trustee in an appropriate manner. The Company's experienced personnel, knowledge of the underlying Trust investments, and external consultants serve to minimize the probability of such an operational failure.

Functional currency

The functional currency of the Company is the United States Dollar and, as a result, all figures are expressed in United States Dollars.

Results

The Company's profit for the financial year amounted to \$9,105 (2015: \$10,009) and has been added to reserves. The directors do not recommend the payment of a dividend (2015: nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Paul Howard Repp	Director (resigned on 16 February 2016)
Richard Francis Krakowski	Director/Secretary
Louis Charles Lustenberger V	Director (appointed on 17 February 2016)
George Brady Connor	Director (appointed on 17 February 2016)

NCC Farnborough Investments Limited

Directors' report for the year ended 31 December 2016 (continued)

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 prepared the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standards Applicable in UK and Republic of Ireland (FRS 102)".

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;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the directors' report is approved:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors

In accordance with Section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP, the Company's independent auditors, are deemed to be reappointed.

On behalf of the Board



Richard Francis Krakowski – Director

For and on behalf of NCC Farnborough Investments Limited

16 August 2017

NCC Farnborough Investments Limited

Independent auditors' report to the members of NCC Farnborough Investments Limited

Report on the financial statements

Our opinion

In our opinion, NCC Farnborough Investments Limited's financial statements (the "financial statements"):

give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

The Statement of Financial Position as at 31 December 2016;

The Statement of Comprehensive Income for the year then ended;

The Statement of Changes in Equity for the year then ended; and

the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

we have not received all the information and explanations we require for our audit; or

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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

NCC Farnborough Investments Limited

Independent auditors' report to the members of NCC Farnborough Investments Limited

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.



Jonathan Hinchliffe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 August 2017

NCC Farnborough Investments Limited

Statement of Comprehensive Income For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	4	10,311	12,218
Gross profit		10,311	12,218
Foreign exchange gain		381	207
Administrative expenses		-	(6)
Finance income	5	594	80
Profit before taxation	6	11,286	12,499
Income tax expense	7	(2,181)	(2,490)
Profit for the financial year		9,105	10,009
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		9,105	10,009

All activities of the Company are regarded as continuing.

The notes on pages 8 to 15 form part of these financial statements.

NCC Farnborough Investments Limited

Statement of Financial Position as at 31 December 2016

	Note	2016 \$	2015 \$
Assets			
Current Assets			
Trade and other receivables	8	79,386	70,590
Total current assets		79,386	70,590
Total assets		79,386	70,590
Liabilities			
Current liabilities			
Trade and other payables	9	(2,181)	(2,490)
Total current liabilities		(2,181)	(2,490)
Total liabilities		(2,181)	(2,490)
Net assets		77,205	68,100
Equity			
Ordinary shares	10	3	3
Retained earnings		77,202	68,097
Total equity		77,205	68,100

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

The notes on pages 8 to 15 form part of these financial statements.

The financial statements on pages 5 to 15 were approved by the Board of Directors on 16 August 2017 and were signed on its behalf by:

Richard Krakowski

Richard Francis Krakowski – Director
NCC Farnborough Investments Limited
Company Registration Number: 5294645

NCC Farnborough Investments Limited

Statement of Changes in Equity for the year ended 31 December 2016

	Ordinary Shares \$	Retained Earnings \$	Total Equity \$
Balance as at 1 January 2015	3	58,088	58,091
Profit for the financial year	-	10,009	10,009
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	10,009	10,009
Dividends	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-
Balance as at 31 December 2015	3	68,097	68,100
Profit for the financial year	-	9,105	9,105
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	9,105	9,105
Dividends	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-
Balance as at 31 December 2016	3	77,202	77,205

NCC Farnborough Investments Limited

Notes to the Financial Statements for the year ended 31 December 2016

1) General information

NCC Farnborough Investments Limited is a private limited company and is incorporated in the United Kingdom. The address of its registered office is Milton Gate, 60 Chiswell Street, London, EC1Y 4AG. The registered number is 5294645.

The principal activity of the Company is serving as a trustee to the Park Avenue Trust, a Unit Trust which holds an interest in the economic rights and obligations of selected real estate held under third party long-term leases.

2) Statement of compliance

The individual financial statements of NCC Farnborough Investments Limited have been prepared in compliance with the United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the amendments to FRS 102 (issued in July 2015).

3) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These individual financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The financial statements have been prepared under FRS 102.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' section of this note.

b) Going concern

On the basis of their assessment of the Company's financial position and resources, the Directors believe the Company is well placed to manage its business risks. The Company has adequate resources to continue in operational existence for the foreseeable future. Thus the annual financial statements are prepared on a going concern basis of accounting.

NCC Farnborough Investments Limited

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

3) Summary of significant accounting policies (continued)

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with including notification of and no objection to the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. NCC Farnborough Investments Limited is a qualifying entity as its results are consolidated into the financial statements of Verizon International Holding Ltd. which are publicly available.

As a qualifying, entity the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

d) Consolidated financial statements

The Company is a wholly owned subsidiary of NCC Farnborough Company and of its ultimate parent, Verizon Communications Inc. It is included in the consolidated financial statements of Verizon Communications Inc. which are available at c/o Verizon Capital Corp, 221 East 37th Street, 7th Floor, New York, NY 10016, United States of America.. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the Company's separate financial statements.

e) Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency is the United States Dollars.

NCC Farnborough Investments Limited

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

3) Summary of significant accounting policies (continued)

e) Foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The sterling exchange rate used at 31 December 2016 was \$1.234 (2015: \$1.4736). Share capital is denominated in pounds sterling and translated into United States dollars at the fixed rate of \$1.50.

f) Revenue

Revenue represents income from trustee fees earned through the management of the Park Avenue Trust which was established in December 2005. Revenue is recognized when the service is provided.

g) Taxation

Taxation expense for the period comprises current tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

NCC Farnborough Investments Limited

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

3) Summary of significant accounting policies (continued)

h) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

i) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payable are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NCC Farnborough Investments Limited

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

3) Summary of significant accounting policies (continued)

i) Financial instruments (continued)

(ii) Financial liabilities (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue any derivative financial instruments.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

j) Related party transactions

The Company has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with other wholly owned subsidiaries within the same group because the consolidated financial statements of the ultimate parent in which the Company is included are publicly available. There are no other related party transactions requiring disclosure.

k) Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 addressed below.

Taxation

Accruals for current tax and amounts payable under local indirect taxes such as sales taxes and VAT are based on management's interpretation of country-specific tax law, and require judgements about the likelihood that tax positions taken will be sustained. Management estimates the amount of taxes payable based upon their analysis and determines whether provision should be made for potential settlement of disputed positions through negotiation. All such provisions are included in current liabilities. Any estimated exposure to interest on tax liabilities is provided for in the related tax charge.

NCC Farnborough Investments Limited

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

3) Summary of significant accounting policies (continued)

1) Future amendments to FRS 102

The amendments to FRS 102 or FRC abstracts do not have any effect on the current period, prior period or future period.

4) Revenue

	2016 \$	2015 \$
Trustee fee income	10,311	12,218
	<u>10,311</u>	<u>12,218</u>

5) Finance income

	2016 \$	2015 \$
From related undertakings	594	80
	<u>594</u>	<u>80</u>

6) Profit before taxation

The profit before taxation is stated after charging:

	2016 \$	2015 \$
Auditors' remuneration for:		
- Auditing the Company's financial statements	-	-
	<u>-</u>	<u>-</u>

The directors of the Company were employed by the ultimate parent undertaking and received no remuneration in respect of their services to the Company. No apportionment of directors' remuneration has been made by the parent undertaking to the Company. The Company had no directly employed staff during the year (2015: none). The auditors' remuneration is borne by the immediate parent undertaking.

NCC Farnborough Investments Limited

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

7) Income tax expense

(a) Analysis of the charge in the year:

	2016 \$	2015 \$
Corporation tax at an effective rate of 20% for 2016 and 20.25% for 2015:		
- Current year	2,181	2,490
- Prior year adjustments	-	-
Group relief		
- Prior year	-	-
Total current tax	2,181	2,490

When available, the Company utilises group relief from losses in other group companies against the taxable profits for the year.

There is no tax expense/(income) included in other comprehensive income.

(b) The tax assessed for the year is the 20% applicable standard rate for 2016 (2015:20.25%) for corporation tax in the UK. Factors affecting the current corporation tax charge for the year are explained below:

	2016 \$	2015 \$
Profit before taxation	11,286	12,499
Expected tax charge at statutory rate	2,257	2,531
<i>Effects of:</i>		
Permanent differences	(76)	(41)
Total tax charge for the year	2,181	2,490

8) Trade and other receivables

	2016 \$	2015 \$
Current assets		
Amounts owed by group undertakings	79,386	70,590
	79,386	70,590

The amounts due from group undertakings bear interest at variable market rates.

NCC Farnborough Investments Limited

Notes to the Financial Statements for the year ended 31 December 2016 (continued)

9) Trade and other payables

	2016 \$	2015 \$
Current liabilities		
UK Corporation Tax	2,181	2,490
	<u>2,181</u>	<u>2,490</u>

10) Ordinary shares

	2016 £	2015 £
Allotted, issued and fully paid		
2 ordinary shares (2015:2) of £1 each (issued at incorporation)	2	2
Stated at United States Dollar equivalent	<u>\$3</u>	<u>\$3</u>

There is a single class of ordinary shares. Ordinary shares have attached with them full voting rights. There are no restrictions on the distribution of dividends and the repayment of capital.

11) Ultimate parent undertaking

The immediate parent undertaking is Verizon International Holding Ltd.

The ultimate parent undertaking and controlling party is Verizon Communications, Inc., a company incorporated in the United States of America.

Verizon Communications, Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2016. The consolidated financial statements of Verizon Communications, Inc. are available from: c/o Verizon Capital Corp., 221 East 37th Street, 7th Floor, New York, NY 10016, United States of America.

Verizon International Holding Ltd is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Verizon International Holding Ltd can be obtained from: c/o Verizon Capital Corp., 221 East 37th Street, 7th Floor, New York, NY 10016, United States of America.