

Branden Property Limited

**Directors' report and financial
statements**

Registered number 05720363

Year ended 31 October 2012



Contents

Officers and professional advisors	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent auditor's report to the members of Branden Property Limited	5
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes	11

Officers and professional advisors

The board of directors

JC Barnsley
CJ Dalzell
RM Wright
TMS Wooldridge

Company secretary

TMS Wooldridge

Registered office

First Floor Earl Grey House
75-85 Grey Street
Newcastle Upon Tyne
NE1 6EF

Auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors submit their report and the financial statements of the company for the year ended 31 October 2012

Branden Property Limited is a limited company, incorporated and domiciled in England

Principal activities

The principal activity of the company is to carry on a property investment business. The property and investment has to date been made in Germany.

Results and dividends

The results for the year are set out on page 7. The directors do not recommend payment of a dividend.

In February 2013, the company sold its investment property for a gross sale price in excess of £24m. Whilst this was the only commercial property asset owned by the company, the directors will look for similar investments in the foreseeable future.

Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These financial statements are presented in Euros since that is the currency in which the majority of the company's transactions are denominated.

Directors

The directors who served during the year were as follows:

JC Barnsley
CJ Dalzell
RM Wright
TMS Wooldridge

Financial instruments

The company uses interest rate swaps as a means of managing the interest risks on its third party loans. The policies for managing these risks are reviewed on a regular basis by the directors.

Borrowings are made at floating rates that can then be fixed by means of interest rate swaps. The company's policy has been to ensure that most of its borrowings are at fixed rates. At the period end 100% of its borrowings were fixed using interest rate swaps.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board



TMS Wooldridge
Director

First Floor Earl Grey House
75-85 Grey Street
Newcastle Upon Tyne
NE1 6EF

21 MAY, 2013

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Branden Property Limited

We have audited the financial statements of Branden Property Limited for the year ended 31 October 2012 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 page 4, 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 www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion,

- the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2012 and its profit for the year then ended,
- the financial statements have been prepared properly in accordance with IFRSs as adopted by the EU, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006,

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Branden Property Limited
(continued)

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



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

21 May 2013

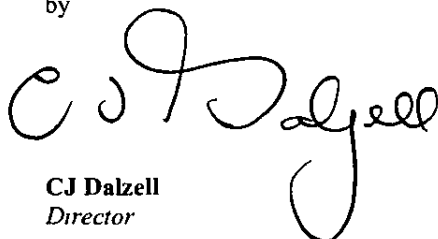
Statement of comprehensive income
for the year ended 31 October 2012

	<i>Note</i>	2012 €	2011 €
Revenue			
Income from investment property	<i>1</i>	1,358,588	1,338,188
Administration expenses		(271,671)	(252,023)
		<hr/>	<hr/>
Operating profit before net valuation movements	<i>3</i>	1,086,917	1,086,165
Net valuation movements on investment property	<i>7</i>	362,182	1,870,000
		<hr/>	<hr/>
Operating profit		1,449,099	2,956,165
Finance costs	<i>4</i>	(867,766)	(879,155)
Investment income	<i>5</i>	1,422	2,023
		<hr/>	<hr/>
Profit before income tax		582,755	2,079,033
Income tax expense	<i>6</i>	(46,094)	(34,578)
		<hr/>	<hr/>
Profit for the financial year		536,661	2,044,455
		<hr/>	<hr/>
Other comprehensive expense			
Change in fair value derivative financial instruments	<i>10</i>	(681,834)	(99,818)
Deferred tax on fair value adjustment	<i>10</i>	113,587	(16,284)
		<hr/>	<hr/>
Other comprehensive expense for the tax year, net of income tax		(568,247)	(116,102)
		<hr/>	<hr/>
Total comprehensive (expense)/income		(31,586)	1,928,353
		<hr/>	<hr/>

Balance sheet
for the year ended 31 October 2012

	<i>Note</i>	2012 €	2011 €
Assets			
Non-current assets			
Investment property	7	23,700,000	23,330,000
		<u>23,700,000</u>	<u>23,330,000</u>
Current assets			
Trade and other receivables	8	831,766	674,338
Cash and cash equivalents		1,277	95,068
		<u>833,043</u>	<u>769,406</u>
Deferred tax assets	11	344,894	277,401
		<u>344,894</u>	<u>277,401</u>
Total assets		<u>24,877,937</u>	<u>24,376,807</u>
Equities and liabilities			
Current liabilities			
Trade and other payables	13	1,609,312	1,380,855
Bank loans	9	263,325	168,692
		<u>1,872,637</u>	<u>1,549,547</u>
Non-current liabilities			
Bank loans	9	15,254,735	15,563,535
Derivative financial statements	10	2,226,336	1,707,910
		<u>17,481,071</u>	<u>17,271,445</u>
Total liabilities		<u>19,353,708</u>	<u>18,820,992</u>
Equity			
Share capital	12	5,000,000	5,000,000
Other reserves	10	(2,189,544)	(1,621,297)
Retained earnings	15	2,713,773	2,177,112
		<u>5,524,229</u>	<u>5,555,815</u>
Total equity		<u>5,524,229</u>	<u>5,555,815</u>
Total equity and liabilities		<u>24,877,937</u>	<u>24,376,807</u>

These financial statements were approved by the board of directors on 21 MAY 2013 and were signed on its behalf by


CJ Dalzell
Director

Statement of changes in equity
for the year ended 31 October 2012

	Share capital €	Other reserves €	Retained earnings €	Total €
Balance at 31 October 2010	5,000,000	(1,505,195)	132,657	3,627,462
Profit for the year	-	-	2,044,455	2,044,455
Other comprehensive income				
Change in fair value derivative financial instruments	-	(99,818)	-	(99,818)
Deferred tax on fair value adjustment	-	(16,284)	-	(16,284)
Total comprehensive income/(expenses) for the year	-	(116,102)	2,044,455	1,928,353
Balance at 31 October 2011	5,000,000	(1,621,297)	2,177,112	5,555,815
Profit for the year	-	-	536,661	536,661
Other comprehensive income				
Change in fair value derivative financial instruments	-	(681,834)	-	(681,834)
Deferred tax on fair value adjustment	-	113,587	-	113,587
Total comprehensive income/(expense) for the year	-	(568,247)	536,661	(31,586)
Balance at 31 October 2012	5,000,000	(2,189,544)	2,713,773	5,524,229

Statement of cash flows
for the year ended 31 October 2012

	Note	2012 €	2011 €
Operating activities			
Cash generated from operations	14	976,131	1,380,083
Interest paid		(844,433)	(863,238)
Income taxes received/(paid)		18,407	(1,288)
Net cash from operating activities		<u>150,105</u>	<u>515,557</u>
Investing activities			
Purchase of investment property		(7,818)	-
Interest received		1,422	2,023
Net cash used in investing activities		<u>(6,396)</u>	<u>2,023</u>
Financing activities			
Balance loan repayments		(237,500)	(937,262)
Net cash from financing activities		<u>(237,500)</u>	<u>(937,262)</u>
Net increase in cash and cash equivalents		(93,791)	(419,682)
Cash and cash equivalents at beginning of year		95,068	514,750
Cash and cash equivalents at end of year		<u><u>1,277</u></u>	<u><u>95,068</u></u>

Notes

(forming part of the financial statements)

1 Accounting policies

The accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU

The accounts have been prepared under the historical cost convention except for the revaluation of investment properties, certain financial instruments and deferred tax thereon. The principal accounting policies adopted are set out below

Going concern

The accounts have been prepared on a going concern basis. The company has net current liabilities which includes amounts received from related party undertakings for investments in tangible fixed assets. The company has received written confirmation that these related party undertakings will not demand immediate repayment of these loans which will enable the company to meet its liabilities as they fall due for the next twelve months from the date of these financial statements. Based on this confirmation, and a detailed review of the company's resources and the challenges presented by the economic climate, the directors are confident that the going concern assumption is appropriate.

Basis of preparation

These financial statements are presented in Euros since that is the currency in which the majority of the company transactions are denominated.

The following amendments to standards are mandatory for the first time for the financial years beginning 1 November 2011, but do not have a material impact on the financial statements:

- Amendments to IFRS 7, 'Financial Instruments: Disclosures on transfers of assets',

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 November 2011 and not early adopted.

None of the following changes would have had any material impact on the financial statements had they been in force during the period under review and adopted:

- Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2013)
- IFRS 9 Financial Instruments (mandatory for year commencing on or after 1 January 2015)
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (mandatory for year commencing on or after 1 January 2014)
- IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (mandatory for year commencing on or after 1 January 2014)
- IFRS 11 Joint Arrangements and Amendments to IAS 28 (2008) Investments in Associates and Joint Ventures (mandatory for year commencing on or after 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (mandatory for year commencing on or after 1 January 2013)
- IFRS 13 Fair Value Measurement (mandatory for year commencing on or after 1 January 2013)
- Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' (mandatory for year commencing on or after 1 July 2012)
- Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets' (mandatory for year commencing on or after 1 January 2012)
- Amendments to IAS 19 'Employee Benefits' (mandatory for years commencing on or after 1 January 2013)
- Amendments to IAS 32 'Disclosures – Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2014)

Notes (continued)

1 Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the year end. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

Gains or losses arising from the retirement or disposal of investment property being the difference between the net disposal proceeds and carrying value are included in profit or loss for the period of the retirement/disposal except those that relate to sale and leaseback arrangements.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

Notes (continued)

1 Accounting policies (continued)

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an effective interest basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of director issue costs.

Derivative financial instruments and hedge accounting

The company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. The company uses interest rate swap contracts to hedge these exposures. The company does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the company's policies approved by the board of directors.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

The entity has taken advantage of the exemption requiring fair value hierarchy disclosures in accordance with the amendment to IFRS 7 Improving Disclosures about Financial Instruments.

Key performance indicators

Business performance is measured using a number of key performance indicators and financial covenants according to funding requirements. These indicators include rental yields, interest cover, cash flow cover and tenant arrears.

Notes (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated

Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

The Company makes estimates concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

- 1 Valuation of investment properties – see note 7
- 11 The Company is subject to income taxes in two jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

2 Business and geographical segments

All of the company's revenue is derived from rent on investment property located in Germany

3 Profit from operations

	2012 €	2011 €
Operating profit is arrived at after charging		
Auditors' remuneration – statutory audit	3,900	3,900
Exchange differences	4,898	(650)
	<u> </u>	<u> </u>

4 Finance costs

	2012 €	2011 €
Interest on bank loans	844,433	863,238
Amortisation of issue of costs	23,333	15,917
	<u> </u>	<u> </u>
	867,766	879,155
	<u> </u>	<u> </u>

Notes (continued)

5 Investment income

	2012 €	2011 €
Interest on bank deposits	1,422	2,023

6 Income tax expense

Analysis of charge in the period	2012 €	2011 €
Current tax		
Domestic tax	-	(819)
Total current tax	-	(819)
Deferred taxation		
Origination and reversal of timing differences	72,977	56,439
Effect of tax rate change on opening balance	(26,883)	(21,042)
Total deferred tax	46,094	35,397
Tax on profit on ordinary activities	46,094	34,578
 Factors affecting the tax charge for the period		
	2012 €	2011 €
Profit before tax	582,755	2,079,033
Tax at the domestic income rate of 24.83% (2011: 26.83%)	144,698	557,805
<i>Effects of</i>		
Expenses not deductible for tax purposes	17,711	-
Adjustment in respect of prior years	-	(819)
Effect of change in corporation tax rate	(26,385)	(20,687)
Effect of valuation adjustment on investment property	(89,930)	(501,721)
Tax charge for the period	46,094	34,578

During the year, the UK rate of corporation tax reduced from 26% to 24%. The 24.83% above therefore represents a blended rate.

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 17 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 October 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Notes (continued)

7 Investment property

	2012 €	2011 €
At 31 October 2011	23,330,000	21,460,000
Additions	7,818	-
Net movements from valuation adjustments	362,182	1,870,000
	<hr/>	<hr/>
At 31 October 2012	23,700,000	23,330,000
	<hr/>	<hr/>

The fair value of the Company's investment property has been arrived by the directors with reference to an external valuation carried out in the year by Cushman & Wakefield, Chartered Surveyors, on an open market value basis. The external valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The Company has pledged all of its investment property to secure general banking facilities granted to the Company. In February 2013, the company sold its investment property for a gross sale price in excess of £24m.

8 Trade and other receivables

	2012 €	2011 €
Trade and other receivables		
Amounts due from related party undertaking	343,358	120,000
Prepayments and accrued income	429,113	482,200
Other receivables	59,295	72,138
	<hr/>	<hr/>
Total trade and other receivables	831,766	674,338
	<hr/>	<hr/>
Total other financial assets comprise		
Amounts due from related party undertakings	343,358	120,000
Other receivables	59,295	72,138
Cash and cash equivalents	1,277	95,068
	<hr/>	<hr/>
Total other financial assets	403,930	287,206
	<hr/>	<hr/>

The directors consider that the carrying amount of trade and other receivables approximates their fair value. No amounts are past due or impaired (2011: none).

Cash and cash equivalents – comprise cash and short term deposits held by the company treasury function. The carrying amount of these approximates their fair value.

Credit risk – the company's financial assets are bank balances and cash, trade and other receivables. Credit assessments are performed on all tenants looking to enter into lease agreement with the company, with the majority of tenants paying rent in advance. Outstanding tenants' receivables are monitored on a regular basis.

The credit risk on liquid fund and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

Notes (continued)

9 Bank loans

	2012 €	2011 €
Bank loans	15,675,238	15,912,738
	<u>15,675,238</u>	<u>15,912,738</u>
The bank loans are repayable as follows		
Within one year	285,004	190,572
In the second year	380,006	285,858
In the third to fifth year inclusive	2,470,038	1,715,145
After five years	12,540,190	13,721,163
	<u>15,675,238</u>	<u>15,912,738</u>
Less unamortised issue costs	(157,178)	(180,511)
	<u>15,518,060</u>	<u>15,732,227</u>
	<u>15,518,060</u>	<u>15,732,227</u>
Bank loans less unamortised issue costs		
Current liabilities	263,325	168,692
Non-current liabilities	15,254,735	15,563,535
	<u>15,518,060</u>	<u>15,732,277</u>

The company has a loan facility to October 2019 repayable by quarterly instalments commencing in October 2008. The borrowings are secured by a charge over the investment properties.

All of the bank loans are denominated in Euros. The loans were arranged at a fixed margin and a floating rate linked to EURIBOR. The fair value of these loans therefore approximates to their carrying values. The floating rate exposes the company to interest rate risks.

Notes (continued)

10 Derivative financial instruments

The company uses interest rate swaps to manage its exposure to interest rate movement on the floating rate of its bank borrowings

As a result of these interest rate swaps, all bank loans are effectively at fixed rates and the company's result and equity are therefore not sensitive to a movement in interest rates

The carrying value and fair value deficit of swaps entered into at 31 October 2012 is estimated at €2,843,564 (2011 €2,161,730) and is shown as follows

	2012 €	2011 €
Current liabilities Trade and other payable (note 13)	617,228	453,820
Non-current liabilities	2,226,336	1,707,910
	<u>2,843,564</u>	<u>2,161,730</u>

These amounts are based on market values of equivalent instruments at the statement of financial position date

In the amounts disclosed as non-current liabilities, the anticipated maturity is €576,815 (2011 €446,221) after one year but within two years, €1,251,935 (2011 €836,273) after two years but within five years and €397,586 (2011 €425,416) after five years

All of these interest rate swaps are designated and effective as cash flow hedges at the balance sheet date and the fair value therefore has been deferred in equity. The deferred tax asset on these is calculated as €654,020 (2011 €540,433)

	2012 €	2011 €
Balance at beginning of year	(1,621,297)	(1,505,195)
Other comprehensive income/(expense)		
Decrease in the fair value of hedging instruments	(681,834)	(99,818)
Effect of corporation tax rate change	(56,872)	(43,235)
Increase in deferred tax on fair value adjustments on interest rate derivatives	170,459	26,951
Balance at end of year	<u>(2,189,544)</u>	<u>(1,621,297)</u>

The weighted average rate and the weighted average period of the interest rate swaps as at 31 October 2012 are as follows

	2012	2011
Weighted average rate	5.06%	5.06%
Weighted average period of interest rate swaps	<u>1.3 yrs</u>	<u>2.3 yrs</u>

Notes (continued)

11 Deferred tax

	2012 €	2011 €
Fixed asset timing differences	309,126	263,032
Derivative financial instruments	(654,020)	(540,433)
Net deferred tax asset at 31 October	<u>(344,894)</u>	<u>(277,401)</u>

The movement in the period in the company's deferred tax position was as follows

Balance at 31 October	(277,401)	(329,082)
Deferred tax on fair value adjustments on interest rate derivatives	(170,459)	(26,951)
Capital allowances	72,977	56,439
Effect on change in corporation tax rate	29,989	22,193
Net deferred tax asset at 31 October	<u>(344,894)</u>	<u>(277,401)</u>
Balance at 31 October	(277,401)	(329,082)
Charged to the income statement	46,094	35,397
Credited/(charged) to other comprehensive income	(113,587)	16,284
Net deferred tax asset at 31 October	<u>(344,894)</u>	<u>(277,401)</u>

At 31 October 2012 there is an unprovided deferred tax asset of €409,652 (2011 €354,728) in respect of the fair value of the investment property

12 Equity share capital

	2012 €	2011 €
Issued		
'A' Ordinary shares of €1 each	5,000,000	5,000,000
'B' Ordinary shares of €1 each	-	-
	<u>5,000,000</u>	<u>5,000,000</u>

The 'A' ordinary shares and 'B' ordinary shares rank pari passu and carry the same rights and privileges in all respects, save as to the respective amounts of nominal capital payable on a winding-up or on a reduction or return of capital

The shares carry no right to a fixed income

Notes (continued)

13 Trade and other payables

	2012 €	2011 €
Trade payables	25,484	5,899
Amounts owed to related undertaking (note 18)	925,722	878,790
Other payables	40,878	42,346
Interest rate derivatives (note 10)	617,228	453,820
	<hr/>	<hr/>
Balance at 31 October 2012	1,609,312	1,380,855
	<hr/>	<hr/>

The directors consider that the carrying value of trade and other payables approximates to their fair value. Classification of trade and other payables within current liabilities represents the fact their contractual cash flows are due in less than one year.

14 Reconciliation of profit before tax to net cash generated from operations

	2012 €	2011 €
Profit before tax	582,755	2,079,033
Finance costs	867,766	879,155
Investment income	(1,422)	(2,023)
Net movement from fair value on investment properties	(362,182)	(1,870,000)
Increase in receivables	(175,835)	(479,446)
Increase in payables	65,049	773,364
	<hr/>	<hr/>
Cash generated from operations	976,131	1,380,083
	<hr/>	<hr/>

Notes (continued)

15 Reserves

	Retained earnings €
At 31 October 2011	2,177,112
Profit for the year	536,661
	<hr/>
At 31 October 2012	2,713,773
	<hr/>

Capital management

The company defines capital as retained earnings (note 15) and bank loans (note 9). The company's objective in capital management is to safeguard its ability to continue as a going concern providing returns to shareholders, through optimisation of the debt and equity balance, and to maintain a strong credit rating and headroom. The company manages its capital structure and makes appropriate decisions in light of the current economic conditions and strategic objectives of the company.

16 Capital commitments

The company had no capital commitments at 31 October 2012 (2011: none).

17 Operating leases

The company leases out its investment property under operating leases.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2012 €	2011 €
Not later than one year	1,338,192	1,338,192
Later than one year but no later than five years	5,352,768	5,352,768
Later than five years	4,245,552	5,587,410
	<hr/>	<hr/>
	10,936,512	12,278,370
	<hr/>	<hr/>

The operating leases on the investment property provides for contingent rental increases.

This contingent rent has not been disclosed in the above note.

18 Related party transactions

During the year ended 31 October 2012, the company undertook the following transaction with the following partnership whose general partner's directors include CJ Dalzell, RM Wright and TMS Wooldridge:

	Transactions in		Amounts due from		Amounts due to	
	2012	2011	2012	2011	2012	2011
	€	€	€	€	€	€
Candama Investors LP						
Payments made on account	-	-	153,000	120,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

18 Related party transactions (continued)

During the year ended 31 October 2012, the company undertook the followings transactions with the following companies whose directors are also CJ Dalzell, RM Wright and TMS Wooldridge

	Transactions in		Amounts due from		Amounts due to	
	2012	2011	2012	2011	2012	2011
	€	€	€	€	€	€
API Limited						
Management fees payable	59,292	79,950	-	-	-	27,621
Stampflat Limited						
Payments made on account	-	-	173,000	-	-	-
Reger Holding Limited						
Payments received on account	-	-	-	-	74,553	-

During the year ended 31 October 2012, the company undertook the following transactions with the following companies of which JC Barnsley is also director

	Transactions in		Amounts due from		Amounts due to	
	2012	2011	2012	2011	2012	2011
	€	€	€	€	€	€
MNFI GP Limited						
Payments received on account	-	-	-	-	851,169	851,169
Birkswell Holdings Limited						
Payments made on account	-	-	17,358	-	-	-

All related party balances are unsecured and will be settled by cash generated from operations

On 29 August 2012, Candama Investors Limited Partnership sold Branden Property Limited to its partners, Birkswell Holdings Limited and Crossco Limited. Birkswell Holdings Limited now holds 94.9% the 'A' Ordinary shares and the single 'B' Ordinary share, Crossco Limited holds the remaining 5.1% of the 'A' Ordinary shares.

As at 31 October 2012, the directors consider the ultimate controlling parties to be Foxley Wood Investments Limited and Willow Park Investments Limited jointly, both of which are Jersey registered companies.

19 Subsequent events

In February 2013, the company sold its investment property for approximately €24m.

20 Immediate and ultimate controlling party

On 29 August 2012, Candama Investors Limited Partnership sold Branden Property Limited to its partners, Birkswell Holdings Limited and Crossco Limited. Birkswell Holdings Limited now holds 94.9% the 'A' Ordinary shares and the single 'B' Ordinary share, Crossco Limited holds the remaining 5.1% of the 'A' Ordinary shares.

As at 31 October 2012, the directors consider the ultimate controlling parties to be Foxley Wood Investments Limited and Willow Park Investments Limited jointly, both of which are Jersey registered companies.