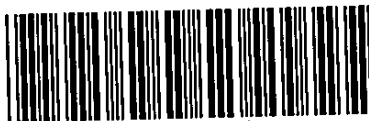


**Branden Property Limited**  
**STATUTORY FINANCIAL STATEMENTS**  
for the year ended  
31 October 2010

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# Branden Property Limited

## DIRECTORS AND PROFESSIONAL ADVISERS

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### DIRECTORS

J C Barnsley  
C J Dalzell  
R M Wright  
T M S Wooldridge

### SECRETARY

T M S Wooldridge

### REGISTERED OFFICE

St Ann's Wharf  
112 Quayside  
Newcastle Upon Tyne  
NE99 1SB

### AUDITORS

Baker Tilly UK Audit LLP  
2 Whitehall Quay  
Leeds  
LS1 4HG

# Branden Property Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Branden Property Limited for the year ended 31 October 2010

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 of the period are set out on page 6. The directors do not recommend payment of a dividend.

### 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 following directors held office during the year:

J C Barnsley  
C J Dalzell  
R M Wright  
T M S Wooldridge

### FINANCIAL INSTRUMENTS

The company uses interest rate swaps as a means of managing the interest rate 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.

### AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

# Branden Property Limited

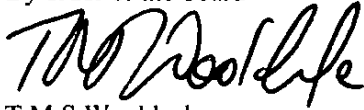
## DIRECTORS' REPORT

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### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



T M S Wooldridge  
Director

22 MARCH 2011

# Branden Property Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

UK 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 of the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the Company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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.

In preparing the financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether they have been prepared in accordance with IFRS as adopted by the EU,
- d 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRANDEN PROPERTY LIMITED

We have audited the financial statements on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 more fully explained 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 APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### Opinion on the 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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the provisions 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.

### 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.

Paul Byrne BSc MBA FCA (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
2 Whitehall Quay  
Leeds  
LS1 4HG

*Baker Tilly UK Audit LLP*

*29 March 2011*

**Branden Property Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 October 2010

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	<i>Notes</i>	2010 €	2009 €
Revenue			
Income from investment property	1	1,343,472	1,341,861
Administration expenses		(142,836)	( 132,970)
<b>OPERATING PROFIT BEFORE NET VALUATION MOVEMENTS</b>	2	1,200,636	1,208,891
Net valuation movements on investment property		(1,620,000)	-
<b>OPERATING (LOSS)/PROFIT</b>		(419,364)	1,208,891
Finance costs	3	(888,426)	( 881,036)
Investment income	4	4,903	63
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>		(1,302,887)	327,918
Income tax income/(expense)	5	250,524	( 93,537)
<b>(LOSS)/PROFIT FOR THE YEAR</b>		(1,052,363)	234,381

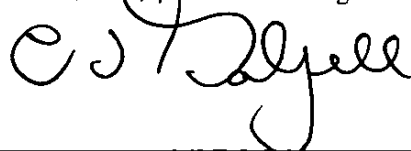
**Branden Property Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**31 October 2010**

Company Registration No 05720363

	<i>Notes</i>	2010 €	2009 €
<b>ASSETS</b>			
Non-current assets			
Investments	6	21,460,000	23,080,000
		<u>21,460,000</u>	<u>23,080,000</u>
Current assets			
Trade and other receivables	7	192,784	74,712
Cash and cash equivalents		514,750	281,313
		<u>707,534</u>	<u>356,025</u>
Non-current assets		707,534	356,025
Deferred tax assets	10	329,082	-
		<u>329,082</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u>22,496,616</u>	<u>23,436,025</u>
<b>EQUITIES AND LIABILITIES</b>			
Current liabilities			
Trade and other payables	12	2,215,582	1,487,061
Bank loans	8	128,765	90,607
		<u>2,344,347</u>	<u>1,577,668</u>
Non-current liabilities			
Bank loans	8	16,524,807	16,615,462
Deferred tax liabilities	10	-	84,980
		<u>16,524,807</u>	<u>16,700,442</u>
<b>TOTAL LIABILITIES</b>		<u>18,869,154</u>	<u>18,278,110</u>
<b>EQUITY</b>			
Share capital	11	5,000,000	5,000,000
Other reserves	9	(1,505,195)	(1,027,105)
Retained earnings	14	132,657	1,185,020
		<u>3,627,462</u>	<u>5,157,915</u>
<b>TOTAL EQUITY</b>		<u>3,627,462</u>	<u>5,157,915</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>22,496,616</u>	<u>23,436,025</u>

The financial statements on pages 6 to 20 were approved by the board of directors and authorised for issue on **22 MARCH 2011** and are signed on its behalf by

C J Dalzell  
Director



**Branden Property Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**31 October 2010**

	Share Capital €	Other Reserves €	Retained Earnings €	Total Equity €
Balance at 1 November 2008	5,000,000	(133,586)	950,639	5,817,053
Profit for the year	-	-	234,381	234,381
Other comprehensive income				
Change in fair value of derivative financial instruments	-	(1,240,999)	-	(1,240,999)
Deferred tax on fair value adjustment	-	347,480	-	347,480
Balance at 31 October 2009	5,000,000	(1,027,105)	1,185,020	5,157,915
Loss for the year	-	-	(1,052,363)	(1,052,363)
Other comprehensive income				
Change in fair value of derivative financial instruments	-	(635,376)	-	(635,376)
Effect of rate change to 27%		(20,619)	-	(20,619)
Deferred tax on fair value adjustment	-	177,905	-	177,905
Balance at 31 October 2010	5,000,000	(1,505,195)	132,657	3,627,462

# Branden Property Limited

## STATEMENT OF CASH FLOWS

for the year ended 31 October 2010

	<i>Notes</i>	2010 €	2009 €
OPERATING ACTIVITIES			
Cash generated from operations	13	1,169,456	1,004,272
Interest paid		(865,922)	( 858,536)
Income taxes paid		-	( 26,372)
		<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES		303,534	119,364
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Interest received		4,903	63
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		4,903	63
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Bank loan repayments		(75,000)	( 62,500)
		<hr/>	<hr/>
NET CASH FROM FINANCING ACTIVITIES		(75,000)	( 62,500)
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		233,437	56,927
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		281,313	224,386
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR		514,750	281,313
		<hr/>	<hr/>

# Branden Property Limited

## ACCOUNTING POLICIES

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### ACCOUNTING CONVENTION

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 Directors have reviewed assumptions about future trading performance, property valuations and debt servicing contained within the financial forecast in order to satisfy them that the Company has adequate resources to continue in operation for the foreseeable future and maintain the cash flow required to settle its financial derivatives over the life of those instruments. This, together with available market information and the Director's knowledge and experience of the property portfolio, has given them sufficient confidence to continue to adopt the going concern basis in the preparation of the accounts

### BASIS OF PREPARATION

The company is a subsidiary undertaking which has agreed a declaration of trust to transfer the beneficial ownership to Candama Investors Limited Partnership

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

*New standards, amendments and interpretations issued but not effective for the financial year beginning 1 November 2009 and not early adopted.*

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

Standard		Effective date Periods commencing on or after	Endorsed
IFRS 9	"Financial instruments" – issued November 2009	1 January 2013	Not yet endorsed
Revised IAS 24 (revised)	"Related party disclosures" – issued November 2009	1 January 2011	Not yet endorsed

### 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 CURRENCIES

Transactions in currencies other than euros are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation

# Branden Property Limited

## ACCOUNTING POLICIES

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are included in the income statement for the period, except for exchange differences on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity

### **BORROWING COSTS**

All other borrowing costs are recognised in the income statement in the period in which they are incurred

### **TAXATION**

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity

### **INVESTMENT PROPERTY**

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the statement of financial position date. 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

#### *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 accrual 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

# Branden Property Limited

## ACCOUNTING POLICIES

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### *Equity instruments*

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

### FINANCIAL INSTRUMENTS *(continued)*

### *Derivative financial instruments and hedge accounting*

The company's activities expose it primarily to the financial risks 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.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or liability, then, at the same time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

The company assesses the credit risk of its customers on property acquisitions or when new leases are granted based on an assessment of their financial performance and latest credit rating. Ongoing credit risk is monitored in accordance with historic payments patterns and continued assessment of financial performance and credit ratings.

### 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.

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.

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

# Branden Property Limited

## ACCOUNTING POLICIES

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### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

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.

# Branden Property Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2010

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### 1 BUSINESS AND GEOGRAPHICAL SEGMENTS

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

2	PROFIT FROM OPERATIONS	2010 €	2009 €
	Operating profit is arrived at after charging		
	Auditors' remuneration – statutory audit	3,900	3,600
	Exchange differences	(4,903)	( 63,582)
		<u>          </u>	<u>          </u>
		2010 €	2009 €
3	FINANCE COSTS		
	Interest on bank loans	863,953	858,535
	Amortisation of issue of costs	24,473	22,501
		<u>          </u>	<u>          </u>
		888,426	881,036
		<u>          </u>	<u>          </u>
4	INVESTMENT INCOME	2010 €	2009 €
	Interest on bank deposits	4,903	63
		<u>          </u>	<u>          </u>

**Branden Property Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 October 2010

5	<b>INCOME TAX EXPENSE</b>	<b>2010</b>	<b>2009</b>
		<b>€</b>	<b>€</b>
	Analysis of charge in the period		
	Current tax		
	Domestic Tax	6,252	-
		<u>          </u>	<u>          </u>
	Total current tax	6,252	-
		<u>          </u>	<u>          </u>
	Deferred taxation		
	Origination and reversal of timing differences	(255,007)	93,537
	Adjustments in respect of prior years	(1,769)	-
		<u>          </u>	<u>          </u>
	Total deferred tax	(256,776)	93,537
		<u>          </u>	<u>          </u>
	Tax on profit on ordinary activities	(250,524)	93,537
		<u>          </u>	<u>          </u>
	Factors affecting the tax charge for the period		
		<b>2010</b>	<b>2009</b>
		<b>€</b>	<b>€</b>
	Profit before tax	(1,302,887)	327,918
		<u>          </u>	<u>          </u>
	Tax at the domestic income tax rate of 28 % (2009 28%)	(364,808)	91,817
	Effects of		
	Exchange differences	-	(49)
	Adjustments in respect of prior years	(1,769)	-
	Other short term timing differences	121,793	1,769
	Actual tax rate different from expected	(1,820)	-
	Effect of change in corporation tax rate to 27%	(3,920)	-
		<u>          </u>	<u>          </u>
	Tax charge for the period	(250,524)	93,537
		<u>          </u>	<u>          </u>

# Branden Property Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2010

6	INVESTMENT PROPERTY	2010 €	2009 €
	At 1 November 2009	23,080,000	23,080,000
	Net movements from valuation adjustments	1,620,000	-
		<u>21,460,000</u>	<u>23,080,000</u>
	At 31 October 2010	21,460,000	23,080,000

The fair value of the Company's investment property has been arrived at from a valuation carried out in the year by Cushman & Wakefield, Chartered Surveyors, on an open market value basis. The 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.

The property rental income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to all of the income shown in the Income Statement. Direct operating expenses arising on the investment property in the period amounted to all of the administrative expenses shown in the Income Statement.

## 7 OTHER FINANCIAL ASSETS

**Trade and other receivables** comprise the following amounts

	2010 €	2009 €
Amounts from related party undertaking	120,000	-
Prepayments and accrued income	-	1,971
Other receivables	72,784	72,741
	<u>192,784</u>	<u>74,712</u>

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

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

**Credit risk** – the Company's financial assets are bank balances and cash, trade and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment.

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

# Branden Property Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2010

8	BANK LOANS	2010 €	2009 €
	Bank loans	16,850,000	16,925,000
	The bank loans are repayable as follows		
	Within one year	150,000	112,500
	In the second year	200,000	162,500
	In the third to fifth year inclusive	1,200,000	975,000
	After five years	15,300,000	15,675,000
		16,850,000	16,925,000
	Less unamortised issue costs	(196,428)	( 218,931)
		16,653,572	16,706,069

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 floating rate exposes the company to interest rate risks.

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.

On 19 November 2010, an additional €750,000 was prepaid from the loan balance using funds received from a related undertaking.

## 9 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. The weighted average rate and the weighted average period of the interest rate swaps as at 31 October 2010 are as follows:

	2010	2009
Weighted average rate	5.06%	5.06%
Weighted average period of interest rate swaps	3.3 yrs	4.3 yrs

The fair value deficit of swaps entered into at 31 October 2010 is estimated at €2,061,911 (2009 surplus €1,426,535). These amounts are based on market values of equivalent instruments at the statement of financial position date. All of these interest rate swaps are designated and effective as cash flow hedges and the fair value therefore has been deferred in equity. The deferred tax asset on these is calculated as €577,335 (2009 €399,430).

**Branden Property Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 October 2010

**9 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

	2010 €	2009 €
Balance at 1 November 2009	(1,027,105)	( 133,586)
Decrease in the fair value of hedging instruments	(635,376)	(1,240,999)
Effect of rate change to 27%	(20,619)	-
Increase in deferred tax on fair value adjustments on interest rate derivatives	177,905	347,480
	<u>          </u>	<u>          </u>
Balance at 31 October 2010	<u>(1,505,195)</u>	<u>(1,027,105)</u>

**10 DEFERRED TAX**

	2010 €	2009 €
Analysis for financial reporting purposes		
Deferred tax asset/(liability)	329,082	(84,980)
	<u>          </u>	<u>          </u>
Net position at 31 October 2010	<u>329,082</u>	<u>(84,980)</u>
	<u>          </u>	<u>          </u>
The movement in the period in the company's deferred tax position was as follows	2010 €	2009 €
Balance at 1 November 2009	84,980	338,923
Unrealised net gain from fair value adjustment to property investment	(327,296)	-
Deferred tax on fair value adjustments on interest rate derivatives	(177,905)	(347,480)
Unutilised tax losses	10,162	-
Prior year adjustment	(1,769)	-
Capital allowances	70,558	93,537
Effect on change in corporation tax rate to 27%	12,188	-
	<u>          </u>	<u>          </u>
Balance at 31 October 2010	<u>(329,082)</u>	<u>84,980</u>

At 31 October 2010 there is an unprovided deferred tax asset of €121,793 (2009 €Nil) in respect of the fair value of the investment property

# Branden Property Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2010

11	EQUITY SHARE CAPITAL	2010 €	2009 €
	Authorised		
	'A' Ordinary shares of €1 each	5,000,000	5,000,000
	'B' Ordinary shares of £1 each	147	147
		<u>5,000,147</u>	<u>5,000,147</u>
		2010 €	2009 €
	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

## 12 OTHER FINANCIAL LIABILITIES

**Trade and other payables** comprise the following amounts

	2010 €	2009 €
Trade payables	3,000	2,757
Amounts owed to related undertaking	100,000	7,533
Other payables	50,671	49,934
Payments on account	-	302
Interest rate derivatives	2,061,911	1,426,535
	<u>2,215,582</u>	<u>1,487,061</u>

The directors consider the carrying amount of trade payables approximates to their fair value

# Branden Property Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2010

13	RECONCILIATION OF (LOSS)/PROFIT BEFORE TAX TO NET CASH GENERATED FROM OPERATIONS	2010 €	2009 €
	(Loss)/profit before tax	(1,302,887)	327,918
	Finance costs	888,426	881,036
	Investment income	(4,903)	( 63)
	Net movement from fair value on investment properties	1,620,000	-
	(Increase)/decrease in receivables	(118,072)	23,259
	Increase/(decrease) in payables	86,892	( 227,879)

Cash generated from operations	1,169,456	1,004,271
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14	RESERVES	<i>Retained earnings</i>
	At 1 November 2009	1,185,020
	Loss for the year	(1,052,363)
	At 31 October 2010	132,657

### 15 CAPITAL COMMITMENTS

The company had no capital commitments at 31 October 2010 (2009 none)

### 16 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

	2010 €	2009 €
Not later than one year	1,338,192	1,338,192
Later than one year but no later than five years	5,352,768	2,899,416
Later than five years	9,601,986	-
	16,292,946	4,237,608

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

This contingent rent has not been disclosed in the above note

# Branden Property Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2010

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### 17 RELATED PARTY TRANSACTIONS

During the year ended 31 October 2010, the company had the following transactions with its parent undertaking

<b>Candama Investors LP</b>	Transactions in		Amounts due from		Amounts due to	
	2010	2009	2010	2009	2010	2009
	€	€	€	€	€	€
Payments on account	120,000	-	120,000	-	-	-

During the year ended 31 October 2010, the company undertook the following transactions with the following companies whose directors are also C J Dalzell, R M Wright and T M S Wooldridge

<b>API Limited</b>	Transactions in		Amounts due from		Amounts due to	
	2010	2009	2010	2009	2010	2009
	€	€	€	€	€	€
Management fees payable	49,899	61,056	-	-	-	7,533
Payment received on account	100,000	-	-	-	100,000	-

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

### 18 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is considered to Golftee GP Limited as Candama Investors Limited Partnership is not a separate legal entity

The directors consider Golfclub Purpose Trust (a charitable trust), to be the ultimate controlling party