

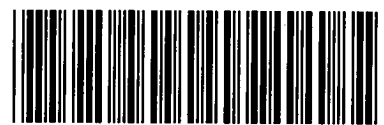
**Branden Property Limited**

**Directors' report and financial  
statements**

Registered number 05720363

Period ended 31 March 2014

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## **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 period ended 31 March 2014.

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 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.

### **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.

### **Disclosure of information to auditor**

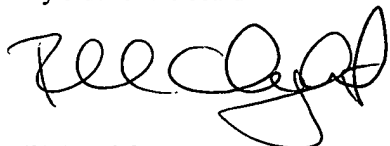
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself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



**RM Wright**  
*Director*

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

22 JULY 2014

## **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 period ended 31 March 2014 set out on pages 7 to 23. 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 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](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the period then ended;
- the financial statements have been properly prepared 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



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

22 July 2014



**Statement of comprehensive income**  
*for the period ended 31 March 2014*

	<i>Note</i>	<b>17 month period ended 31 March 2014 €</b>	<b>Year ended 31 October 2012 €</b>
<b>Revenue</b>			
Income from investment property	1	389,865	1,358,588
Administration expenses		(460,332)	(271,671)
<b>Operating (loss)/profit before net valuation movements</b>	3	<b>(70,467)</b>	<b>1,086,917</b>
Net valuation movements on investment property	7	-	362,182
Profit on sale of investment property	7	156,378	-
<b>Operating profit</b>		<b>85,911</b>	<b>1,449,099</b>
Finance costs	4	(3,094,304)	(867,766)
Investment income	5	287	1,422
<b>(Loss)/profit before income tax</b>		<b>(3,008,106)</b>	<b>582,755</b>
Income tax credit/(expense)	6	309,126	(46,094)
<b>(Loss)/profit for the financial period/year</b>		<b>(2,698,980)</b>	<b>536,661</b>
<b>Other comprehensive expense</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Change in fair value derivative financial instruments	10	2,843,564	(681,834)
Deferred tax on fair value adjustment	10	(654,020)	113,587
<b>Other comprehensive income/(expense) for the period/year</b>		<b>2,189,544</b>	<b>(568,247)</b>
<b>Total comprehensive expense</b>		<b>(509,436)</b>	<b>(31,586)</b>

**Balance sheet**  
*as at 31 March 2014*

	<i>Note</i>	<b>31 March 2014 €</b>	<b>31 October 2012 €</b>
<b>Non-current assets</b>			
Investment property	7	-	23,700,000
Deferred tax assets	11	-	344,894
		<hr/>	<hr/>
		-	24,044,894
		<hr/>	<hr/>
<b>Current assets</b>			
Trade and other receivables	8	5,924,777	831,766
Cash and cash equivalents		438	1,277
		<hr/>	<hr/>
		5,925,215	833,043
		<hr/>	<hr/>
<b>Total assets</b>		<b>5,925,215</b>	<b>24,877,937</b>
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	13	910,422	992,084
Bank loans	9	-	263,325
Derivatives	10	-	617,228
		<hr/>	<hr/>
		910,422	1,872,637
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Bank loans	9	-	15,254,735
Derivatives	10	-	2,226,336
		<hr/>	<hr/>
		-	17,481,071
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>910,422</b>	<b>19,353,708</b>
		<hr/>	<hr/>
<b>Equity</b>			
Share capital	12	5,000,000	5,000,000
Other reserves	10	-	(2,189,544)
Retained earnings	15	14,793	2,713,773
		<hr/>	<hr/>
<b>Total equity</b>		<b>5,014,793</b>	<b>5,524,229</b>
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>5,925,215</b>	<b>24,877,937</b>
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 22 JULY 2014 and were signed on its behalf by:



**TMS Wooldridge**  
 Director

**Statement of changes in equity**  
*for the period ended 31 March 2014*

	Share capital €	Other reserves €	Retained earnings €	Total €
Balance at 1 November 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 (expense)/income for the year	-	(568,247)	536,661	(31,586)
Balance at 31 October 2012 and 1 November 2012	5,000,000	(2,189,544)	2,713,773	5,524,229
Loss for the period	-	-	(2,698,980)	(2,698,980)
Other comprehensive income				
Change in fair value derivative financial instruments	-	2,843,564	-	2,843,564
Deferred tax on fair value adjustment	-	(654,020)	-	(654,020)
Total comprehensive income/(expense) for the period	-	2,189,544	(2,698,980)	(509,436)
<b>Balance at 31 March 2014</b>	<b>5,000,000</b>	<b>-</b>	<b>14,793</b>	<b>5,014,793</b>

**Statement of cash flows**  
 for the period ended 31 March 2014

	<i>Note</i>	<b>17 month period ended 31 March 2014 €</b>	<b>Year ended 31 October 2012 €</b>
<b>Operating activities</b>			
Cash generated from operations	14	(5,273,260)	976,131
Interest paid		(2,937,126)	(844,433)
Income taxes received		28,120	18,407
<b>Net cash from operating activities</b>		<b>(8,182,266)</b>	<b>150,105</b>
<b>Investing activities</b>			
Sale of investment property (net of selling costs)		23,856,378	-
Purchase of investment property		-	(7,818)
Interest received		287	1,422
<b>Net cash used in investing activities</b>		<b>23,856,665</b>	<b>(6,396)</b>
<b>Financing activities</b>			
Bank loan repayments		(15,675,238)	(237,500)
<b>Net cash from financing activities</b>		<b>(15,675,238)</b>	<b>(237,500)</b>
Net decrease in cash and cash equivalents		(839)	(93,791)
Cash and cash equivalents at beginning of period/year		1,277	95,068
<b>Cash and cash equivalents at end of period/year</b>		<b>438</b>	<b>1,277</b>

## 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 assets and minimal liabilities other than amounts owing to related party undertakings. 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, 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

In these financial statements various Adopted IFRSs, which became effective for the first time, were adopted by the Company. None of the Adopted IFRSs applied for the first time by the Company had a significant impact on the Company's result for the year or its equity.

Of the IFRSs that have been issued and endorsed by the EU but have not yet been applied by the Company, because they are not yet effective, none are expected to have a material effect on the Company's financial statements.

## **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 investment property is recognised on a straight-line basis over the term of the relevant operating lease.

#### ***Foreign currency***

Transactions in foreign currencies are translated to the Company's functional currency 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.

#### ***Financial instruments***

Financial assets and financial liabilities are recognised on the Company's balance sheet 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 rate 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 direct 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 re-measurement 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.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

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.

## 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.

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.

- i. 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

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
Operating (loss)/profit before net valuation movements is arrived at after charging/(crediting):		
Auditors' remuneration – statutory audit	3,900	3,900
Exchange differences	(164,411)	4,898
	<u>                    </u>	<u>                    </u>

#### Remuneration of directors, staff numbers, and costs

No remuneration was paid to the directors, in respect of their services to the company, during the period (2012: £nil). The company had no other employees during the current period and preceding financial year.

### 4 Finance costs

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
Interest on bank loans	65,128	844,433
Amortisation of issue costs	157,176	23,333
Swap breakage costs	2,872,000	-
	<u>                    </u>	<u>                    </u>
	3,094,304	867,766
	<u>                    </u>	<u>                    </u>



## Notes (continued)

### 4 Finance costs (continued)

Swap breakage costs were incurred in connection with the sale of the property and the immediate repayment of the bank loan secured against the property.

### 5 Investment income

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
Interest on bank deposits	287	1,422

### 6 Income tax expense

Analysis of (credit)/charge in the period/year

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
<b>Current tax</b>		
Domestic tax	-	-
<b>Total current tax</b>	-	-
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(311,533)	72,977
Effect of tax rate change on opening balance	3,914	(26,883)
Adjustment in respect of prior period	(1,507)	-
<b>Total deferred tax</b>	(309,126)	46,094
<b>Tax on profit on ordinary activities</b>	(309,126)	46,094

Factors affecting the tax credit for the period

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
(Loss)/profit before tax	(3,008,106)	582,755
Tax at the domestic income rate of 23.29% (2012: 24.83%)	(700,667)	144,698
<b>Effects of</b>		
Expenses not deductible for tax purposes	68,392	17,711
Adjustment in respect of prior years	(1,507)	-
Effect of change in corporation tax rate	3,914	(26,385)
Income not taxable	(829,458)	(89,930)
Losses not recognised in deferred tax	1,150,200	-
<b>Tax (credit)/charge for the period/year</b>	(309,126)	46,094

## Notes (continued)

### 6 Income tax expense (continued)

During the year, the UK rate of corporation tax reduced from 24% to 23%. The 23.29% above therefore represents a blended rate.

The UK corporation tax rate will reduce to 21% (effective 1 April 2014) and 20% (effective 1 April 2015). This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

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

### 7 Investment property

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
At start of period/year	23,700,000	23,330,000
Additions	-	7,818
Net movements from valuation adjustments	-	362,182
Disposals	(23,700,000)	-
	<hr/>	<hr/>
At end of period/year	-	23,700,000
	<hr/>	<hr/>

In February 2013, the company sold its investment property for a gross sale price in excess of €24m, recognising a profit after selling costs of €156,378.

### 8 Trade and other receivables

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
Amounts due from related party undertaking	5,923,956	343,358
Prepayments and accrued income	-	429,113
Other receivables	821	59,295
	<hr/>	<hr/>
Total trade and other receivables	5,924,777	831,766
	<hr/>	<hr/>
Total other financial assets comprise:		
Amounts due from related party undertakings	5,923,956	343,358
Other receivables	821	59,295
Cash and cash equivalents	438	1,277
	<hr/>	<hr/>
Total other financial assets	5,925,215	403,930
	<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 (2012: none).

## Notes (continued)

### 8 Trade and other receivables (continued)

**Cash and cash equivalents** – comprise cash and short term deposits held by the company treasury function. The carrying amount of these is equal to 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.

### 9 Bank loans

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
Bank loans	-	15,675,238
The bank loans are repayable as follows		
Within one year	-	285,004
In the second year	-	380,006
In the third to fifth year inclusive	-	2,470,038
After five years	-	12,540,190
	-	15,675,238
Less unamortised issue costs	-	(157,178)
	-	15,518,060
Bank loans less unamortised issue costs:		
Current liabilities	-	263,325
Non-current liabilities	-	15,254,735
	-	15,518,060

The company fully repaid its loan facility on the sale of its investment property.

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 exposed the company to interest rate risks (see note 10).

## Notes (continued)

### 10 Derivative financial instruments

The company uses interest rate swaps to manage its exposure to interest rate movements 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 March 2014 is estimated at €nil (2012: €2,843,564) and is shown as follows:

	31 March 2014 €	31 October 2012 €
Current liabilities	-	617,228
Non-current liabilities	-	2,226,336
	-	2,843,564

These amounts are based on market values of equivalent instruments at the balance sheet date.

In the amounts disclosed as non-current liabilities, the anticipated maturity is €nil (2012: €576,815) after one year but within two years, €nil (2012: €1,251,935) after two years but within five years and €nil (2012: €397,586) after five years.

All of these interest rate swaps were 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 €nil (2012: €654,020).

The interest rate swap was terminated on the repayment of the company's loan facilities (see note 9), resulting in a charge to profit and loss of €2,872,000 (note 4).

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
<b>Other reserves</b>		
Balance at beginning of period/year	(2,189,544)	(1,621,297)
Other comprehensive income/(expense):		
Increase/(decrease) in the fair value of hedging instruments	2,843,564	(681,834)
Effect of corporation tax rate change	-	(56,872)
Increase in deferred tax on fair value adjustments on interest rate derivatives	(654,020)	170,459
Balance at end of period/year	-	(2,189,544)

The weighted average rate and the weighted average period of the interest rate swaps are as follows:

	31 March 2014	31 October 2012
Weighted average rate	-	5.06%
Weighted average period of interest rate swaps	-	1:3 yrs

## Notes (continued)

### 11 Deferred tax

	31 March 2014 €	31 October 2012 €
Fixed asset timing differences	-	309,126
Derivative financial instruments	-	(654,020)
	<hr/>	<hr/>
Net deferred tax asset at the end of the period/year	-	(344,894)
	<hr/>	<hr/>

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

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
Balance at start of period/year	(344,894)	(277,401)
Deferred tax on fair value adjustments on interest rate derivatives	654,020	(170,459)
Capital allowances	(311,533)	72,977
Effect on change in corporation tax rate	3,914	29,989
Adjustment in respect of prior year	(1,507)	-
	<hr/>	<hr/>
Balance at end of period/year	-	(344,894)
	<hr/>	<hr/>
Balance at start of period/year	(344,894)	(277,401)
(Credited)/charged to the income statement	(309,126)	46,094
Charged/(credited) to other comprehensive income	654,020	(113,587)
	<hr/>	<hr/>
Balance at end of period/year	-	(344,894)
	<hr/>	<hr/>

At 31 March 2014 there is an unprovided deferred tax asset of €nil (2012: €409,652) in respect of the fair value of the investment property, and €987,608 (2012: €922,760) in respect of tax losses carried forward.

### 12 Equity share capital

	31 March 2014 €	31 October 2012 €
<b>Issued</b>		
'A' Ordinary shares of €1 each	5,000,000	5,000,000
'B' Ordinary shares of £1 each	-	-
	<hr/>	<hr/>
	5,000,000	5,000,000
	<hr/>	<hr/>

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

	31 March 2014 €	31 October 2012 €
Trade payables	16,948	25,484
Amounts owed to related undertaking (note 18)	893,474	925,722
Other payables	-	40,878
	<hr/>	<hr/>
Balance at 31 March 2014	910,422	992,084
	<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 (loss)/profit before tax to net cash generated from operations

	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
(Loss)/profit before tax	(3,008,106)	582,755
Finance costs	3,094,304	867,766
Investment income	(287)	(1,422)
Net movement from fair value on investment properties	-	(362,182)
Profit on disposal of investment properties	(156,378)	-
Increase in amounts owed by related parties	(5,580,598)	(223,358)
Decrease in non-related party receivables	459,467	47,523
(Decrease)/increase in payables	(81,662)	65,049
	<hr/>	<hr/>
Cash generated from operations	(5,273,260)	976,131
	<hr/>	<hr/>

## Notes (continued)

### 15 Reserves

	Retained earnings €
At 31 October 2012	2,713,773
Loss for the year	(2,698,980)
	<hr/>
At 31 March 2014	14,793
	<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 March 2014 (2012: 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:

	31 March 2014 €	31 October 2012 €
Not later than one year	-	1,338,192
Later than one year but no later than five years	-	5,352,768
Later than five years	-	4,245,552
	<hr/>	<hr/>
	-	10,936,512
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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 March 2014, the company undertook the following transactions with its immediate parent undertaking.

	Transactions in		Amounts due from		Amounts due to	
	17 month period ended	Year ended	17 month period ended	Year ended	17 month period ended	Year ended
	31 March	31 October	31 March	31 October	31 March	31 October
	2014	2012	2014	2012	2014	2012
	€	€	€	€	€	€
<b>Birkswell Holdings Limited</b>						
Payments made on account	-	-	4,679,105	17,358	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 18 Related party transactions (continued)

During the year ended 31 March 2014, the company undertook the following transactions with the following partnerships whose general partner's directors include CJ Dalzell, RM Wright and TMS Wooldridge.

	Transactions in		Amounts due from		Amounts due to	
	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
<b>Candama Investors LP</b>						
Payments made on account	-	-	349,740	153,000	-	-
<b>Derandd Investment Partners Limited Partnership</b>						
Payments made on account	-	-	387,192	-	-	-
<b>MMO Limited Partnership</b>						
Payments made on account	-	-	31,569	-	-	-

During the period ended 31 March 2014, the company undertook the followings transactions with the following companies whose directors include CJ Dalzell, RM Wright and TMS Wooldridge.

	Transactions in		Amounts due from		Amounts due to	
	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €	17 month period ended 31 March 2014 €	Year ended 31 October 2012 €
<b>API Limited</b>						
Management fees payable	112,905	59,292	-	-	-	-
Payments made on account	-	-	3,141	-	-	-
<b>Coney (York) Limited</b>						
Payments made on account	-	-	16,718	-	-	-
<b>Stampflat Limited</b>						
Payments made on account	-	-	298,000	173,000	-	-
<b>Reger Holding Limited</b>						
Payments received on account	-	-	44,000	-	-	74,553
<b>Reger Property Limited</b>						
Payments received on account	-	-	-	-	21,200	-
<b>Bruder Property Limited</b>						
Payments received on account	-	-	-	-	20,000	-
<b>Wellbark Property Unlimited</b>						
Payments made on account	-	-	114,491	-	-	-



## Notes (continued)

### 18 Related party transactions (continued)

During the period ended 31 March 2014, the company undertook the following transactions with the following companies whose directors include JC Barnsley and TMS Wooldridge.

	Transactions in		Amounts due from		Amounts due to	
	17 month period ended	Year ended	17 month period ended	Year ended	17 month period ended	Year ended
	31 March	31 October	31 March	31 October	31 March	31 October
	2014	2012	2014	2012	2014	2012
	€	€	€	€	€	€
<b>Crossco Limited</b>						
Payments received on account	-	-	-	-	1,105	-

During the period ended 31 March 2014, the company undertook the following transactions with the following companies whose directors include JC Barnsley.

	Transactions in		Amounts due from		Amounts due to	
	17 month period ended	Year ended	17 month period ended	Year ended	17 month period ended	Year ended
	31 March	31 October	31 March	31 October	31 March	31 October
	2014	2012	2014	2012	2014	2012
	€	€	€	€	€	€
<b>MNFI GP Limited</b>						
Payments received on account	-	-	-	-	851,169	851,169

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

### 19 Immediate and ultimate controlling party

The immediate controlling party is Birkswell Holdings Limited.

As at 31 March 2014, 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.