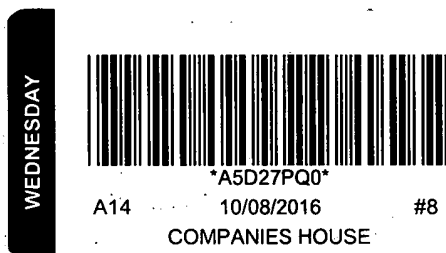


ABC Rental Properties Limited
Directors' report and financial statements
for the year ended 31 December 2015

Registered Number 06806749



ABC Rental Properties Limited

Directors' report and financial statements for the year ended 31 December 2015

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ABC Rental Properties Limited

Directors' report

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

Principal activities and business review

The principal activities of the company are the holding of investment property and the provision of properties for rent. The results for the year are presented on page 6.

Proposed dividends

The directors do not recommend the payment of a dividend (2014: £nil).

Going concern

The company meets its financing requirements through a bank loan and balances with other companies in the group headed by Esh Holdings Limited. The company has received assurances that group funding will continue to be made available for the foreseeable future.

Directors

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

B Manning
A E Radcliffe

Political contributions

The company made no political donations or incurred any political expenditure during the year.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 102 "The financial reporting standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and

ABC Rental Properties Limited

Directors' report (continued)

Statement of directors' responsibilities (continued)

- 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 proper 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 its 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

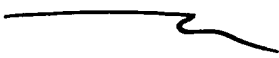
Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Small company provisions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the board



A E Radcliffe
Director
30 June 2016

Esh House
Bowburn North Industrial Estate
Bowburn
Durham
DH6 5PF

ABC Rental Properties Limited

Independent auditors' report to the members of ABC Rental Properties Limited

Report on the financial statements

Our opinion

In our opinion, ABC Rental Properties Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

ABC Rental Properties Limited's financial statements comprise:

- the Balance sheet as at 31 December 2015;
- the Statement of income and retained earnings for the year then ended;
- the Statement of accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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

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

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

ABC Rental Properties Limited

Independent auditors' report to the members of ABC Rental Properties Limited (continued)

Directors' remuneration

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

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

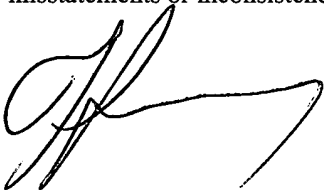
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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

ABC Rental Properties Limited

Independent auditors' report to the members of ABC Rental Properties Limited (continued)

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
30 June 2016

ABC Rental Properties Limited

Statement of income and retained earnings for the year ended 31 December 2015

		2015	2014
	Note	£	£
Turnover	1	34,150	27,865
Cost of sales		-	(430)
Gross profit		34,150	27,435
Administrative expenses		(8,941)	(9,411)
Operating profit		25,209	18,024
Gain on investment properties	7	47,106	-
Amounts written off investment properties	7	-	(32,003)
Interest payable and similar charges	4	(19,626)	(19,359)
Interest receivable and similar income	5	54	28
Profit/(loss) on ordinary activities before taxation		52,743	(33,310)
Tax on profit/(loss) on ordinary activities	6	3,197	(934)
Profit/(loss) for the financial year	12	55,940	(34,244)
Profit and loss account brought forward		(25,621)	8,623
Profit and loss account at the end of the year		30,319	(25,621)

All results derive from continuing operations.

The company had no other comprehensive income during the current period other than that reflected in the profit and loss account.


There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents.

ABC Rental Properties Limited

Balance sheet as at 31 December 2015

			2015	2014
	Note	£	£	£
Fixed assets				
Investment properties	7		690,000	642,894
Current assets				
Debtors	8	5,085		5,937
Cash at bank and in hand		13,115		7,844
		18,200		13,781
Creditors: amounts falling due within one year	9	(677,781)		(676,196)
Net current liabilities			(659,581)	(662,415)
Total assets less current liabilities			30,419	(19,521)
Provisions for liabilities	10		-	(6,000)
Net assets (liabilities)			30,419	(25,521)
Capital and reserves				
Called up share capital	11		100	100
Profit and loss account	12		30,319	(25,621)
Total shareholders' surplus (deficit)			30,419	(25,521)

The financial statements on pages 6 to 17 were approved by the board of directors on 30 June 2016 and were signed on its behalf by:


B Manning
Director

Company registered number: 06806749

ABC Rental Properties Limited

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance and general information

The Company is limited by shares and is incorporated in the United Kingdom. The registered address is Esh House, Bowburn North Industrial Estate, Durham, DH6 5PF. These financial statements have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 1 January 2014. Details of the transition to FRS 102 are disclosed in Note 15.

As 100% of the company's voting rights are controlled within the group headed by Esh Investments Limited, the company has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- ii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv);
- iii) from disclosing the company key management personnel compensation in total, as required by FRS 102 paragraph 33.7.

Going concern

The company meets its financing requirements through a bank loan and balances with other companies in the group headed by Esh Investments Limited. The company has received assurances that group funding will continue to be made available for the foreseeable future.

The company is subject to a cross guarantee banking arrangement with its parent undertaking, Esh Investments Limited, and certain other group undertakings.

The group headed by Esh Investments Limited recorded an operating profit in 2015 and has substantial net assets. Detailed information regarding the financial position of the group headed by Esh Investments Limited, its cash flows, liquidity position and borrowing facilities are included in the financial statements of Esh Investments Limited, which can be obtained from Companies House.

ABC Rental Properties Limited

Statement of accounting policies (continued)

After making detailed enquiries and taking into account the factors discussed above, the Board is confident that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to prepare the financial statements on a going concern basis.

Investment properties

In accordance with section 16 of FRS 102, accounting for investment properties:

- Revaluation is performed each year at fair value with changes in fair value recognised in profit or loss.
- no depreciation is provided in respect of either freehold or long leasehold investment properties unless fair value cannot be measured reliably without undue cost or effort.
- Deferred tax is to be recognised on any fair value changes made.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by section 29 of FRS 102.

Financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

ABC Rental Properties Limited

Statement of accounting policies (continued)

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations.

Dividends

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Turnover

Turnover represents rents receivable from investment properties recognised on a straight line basis over the rental period.

Critical judgements and estimates in applying the accounting policies

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

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

ABC Rental Properties Limited

Notes to the financial statements for the year ended 31 December 2015

1 Turnover

The total turnover of the company for the period has been derived from its principal activities, wholly undertaken in the United Kingdom.

2 Notes to the profit and loss account

Auditors' remuneration

	2015	2014
	£	£
Audit of these financial statements	2,513	2,923

3 Remuneration of directors

The directors received no remuneration from the company during either the current or preceding financial year.

Emoluments of the Company's directors are paid by the parent company. Their services to this Company and to a number of other subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company.

The directors were the only employees.

4 Interest payable and similar charges

	2015	2014
	£	£
On bank loans	15,855	18,037
Payable to group undertakings	3,771	1,322
	19,626	19,359

ABC Rental Properties Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

5 Interest receivable and similar income

	2015 £	2014 £
Bank interest	54	28

6 Tax on profit/(loss) on ordinary activities

Tax expense included in profit and loss

Analysis of (credit)/charge in year:

	2015 £	2014 £
UK corporation tax:		
Current tax on income for year	1,128	-
Adjustments in respect of prior periods	1,675	934
Total current tax	2,803	934
Deferred tax (see note 11):		
Adjustments in respect of previous years	(6,000)	-
Tax on profit/(loss) on ordinary activities	(3,197)	934

Reconciliation of tax charges

The current tax (credit)/charge for the year is higher (2014: higher) than the standard rate of corporation tax in the UK 20% (2014: 20%). The differences are explained below:

	2015 £	2014 £
Total tax reconciliation:		
Loss on ordinary activities before taxation	5,637	(3,310)
Current tax at 20% (2014: 20%)	1,128	(712)
<i>Effects of:</i>		
Expense not deductible	-	431
Tax rate changes	-	-
Group relief surrendered	-	281
Adjustments in respect of prior periods	(4,325)	934
Tax on profit/(loss) on ordinary activities	(3,197)	934

ABC Rental Properties Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Tax on profit/(loss) on ordinary activities (continued)

Future tax changes

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

7 Investment properties

	Cost £	Revaluation £	Valuation £
At 1 January 2015	642,894	-	642,894
Revaluation	-	47,106	47,106
At 31 December 2015	642,894	47,106	690,000

The directors have reviewed the open market values of investment properties at the year end and consider the carrying values to be equivalent to open market values.

In accordance with Section 16 of FRS 102 'Investment properties' the above properties are not depreciated.

All investment properties are freehold.

8 Debtors

	2015 £	2014 £
Other debtors	2,672	2,777
Prepayments and accrued income	2,413	3,160
	5,085	5,937

ABC Rental Properties Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

9 Creditors: amounts falling due within one year

	2015	2014
	£	£
Bank overdraft	220,416	205,643
Bank loan and overdraft	243,357	258,170
Trade creditors	1,793	2,833
Amounts due to group undertakings	171,080	170,093
Corporation tax	2,803	934
Other creditors	2,672	2,777
Accruals and deferred income	35,660	35,764
	677,781	676,196

The bank overdraft is secured by means of a group cross guarantee arrangement (note 13).

The maturity of debt (excluding the overdraft) is as follows:

	2015	2014
	£	£
Within one year	243,357	266,120
Less future finance charges	-	(7,950)
	243,357	258,170

Bank loans are subject to interest at LIBOR + 2.25% repayable over monthly instalments to final maturity on 30 November 2015.

The loan is secured by fixed and floating charges over the company's assets.

ABC Rental Properties Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

10 Deferred taxation

	Deferred taxation £
At 1 January 2015	6,000
Credit to the profit and loss for the year	(6,000)
At 31 December 2015	-

The elements of deferred taxation are as follows:

	2015 £	2014 £
Capital gains	-	6,000

11 Called up share capital

	2015 £	2014 £
Authorised, Allotted, called-up and fully paid		
100 (2014: 100) ordinary shares of £1 each	100	100

12 Profit and loss account

	£
At 1 January 2015	(25,621)
Profit for the year	55,940
At 31 December 2015	30,319

ABC Rental Properties Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

13 Contingent liabilities

The company is party to a group composite arrangement with certain of the companies in the Esh group under which overdrafts and cash balances can be offset. The total group liability and group overdraft at 31 December 2015 amounted to approximately £6.1m (2014: £4.1m). The composite arrangement does not include Dunelm Homes Limited which has its own discrete banking arrangements.

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Esh Developments Limited, incorporated in England and Wales, The ultimate parent company is Esh Investments Limited, incorporated in England and Wales.

The largest group in which results of the company are consolidated is that headed by Esh Investments Limited and the smallest is that headed by Esh Holdings Limited. The consolidated financial statements of this company are available to the public and may be obtained from Esh House, Bowburn North Industrial Estate, Bowburn, Durham, DH6 5PF.

The directors do not consider there to be an individual ultimate controlling party.

ABC Rental Properties Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. FRS 102 has been adopted by the Company for year ended 31 December 2015. The last financial statements under previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 is 1 January 2014. Set out below are reconciliations of the impact of changes in accounting policies, reconciling profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

Reconciliation of profit for the year

	Notes	2014 £
Profit for the period as previously reported under UK GAAP		(4,244)
Adjustments on transition	1	(30,000)
Profit for the year as reported under FRS 102		(34,244)

Reconciliation of equity as at 1 January 2014 and 31 December 2014

	Notes	1 January 2014 £	31 December 2014 £
Total reserves as previously reported under UK GAAP		(21,277)	(25,521)
Adjustments on transition		-	-
Total reserves as reported under FRS 102		(21,277)	(25,521)

Notes to reconciliation:

1. Changes in the fair value of investment properties are now recognised in the income statement. Previously, changes were recognised in a separate asset revaluation reserve in the statement of financial position.