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Grant Thornton

Financial statements
Brookgate Limited

For the Year Ended 31 October 2017

Company No. 07057863

Company information

Company registration number	07057863
Registered office	2 Station Place Cambridge CB1 2FP
Directors	R Carnan C Rutherford S Topel J Wooles
Secretary	J Wooles
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY
Bankers	Santander UK Banking Victory House Vision Park Cambridge CB24 9ZR
Property advisers and valuers	Bidwells LLP 25 Old Birlington Street London W1S 3AN

Contents

Report of the directors

The directors present their report and the financial statements of the Group for the year ended 31 October 2017.

Directors

The directors who served the company during the year were as follows:
Mr C Rutherford
Mr S Topel
Mr J Wooles
Mr R Carnan

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Provision of information to Auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Report of the directors (continued)

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD

J Wooles
Secretary
19 December 2017

Strategic Report

Review of the business and future activities

The principal activities of the Group during the year were property development and the provision of housing services under a PFI contract.

During the year the Group has added value for its shareholders and realised liquidity for funders in accordance with the agreed strategy for the Group, the main highlights are set out below.

Brookgate Property
Brookgate Property Limited had another successful year, activities included;

- Completion and letting of its development at One Station Square, Cambridge.
- Completion of the first phase of a new public station square in Cambridge for Network Rail.
- Commencement of construction of a new office building at 50 & 60 Station Road, Cambridge.

A £7,000,000 five year facility with Santander to provide investment finance and working capital for the company was drawn down during October 2014; this loan is secured on the assets of the company.

Roselead
Roselead Limited has had a successful year delivering PFI housing services under a contract with the Ministry of Defence. The company is now over 90% of the way through a five year programme of refurbishment for the kitchens and bathrooms in the housing stock that it uses to provide housing services.

The future strategy for the company is to continue to provide housing services for the period of Roselead's PFI contract.

Brookgate Land
Brookgate Land Limited submitted planning applications for the first two phases of its development at Chesterton cb4 during the year. Network Rail opened the new station facilities.

Brookgate Homes
Brookgate Homes Limited has a number of sites under consideration including involvement in Brookgate Land Ltd's development at Chesterton cb4 and is looking for opportunities to enable it to trade profitably.

The future strategy for the company is to seek opportunities for successful residential development in conjunction with other companies in the Group or on a standalone basis.

Strategic Report (continued)

Key performance indicators

	31 October 2017	31 October 2016	31 October 2015
	£	£	£
Net Asset Value	**34,748,756**	34,928,652	40,404,760
Cash & Group Borrowing			
Cash at bank	**11,219,432**	9,991,926	8,846,117
Short term	**-**	-	-
Long term	**(51,796,000)**	(51,296,000)	(56,046,000)
Net Borrowing	**(40,576,568)**	(41,304,074)	(47,199,883)

The directors are satisfied this performance meets expectations for the year. The decrease in net assets of £0.18m reflects the profit for the year, capital redemption and changes in working capital including borrowings.

Results, dividends and capital reduction

The profit for the year after taxation amounted to £7.29m.

Net borrowings decreased by £0.73m during the year and net asset value decreased by £0.18m.

During the year there was a redemption of preference share capital totalling £10.0m.

The directors have not recommended a dividend.

Principal risks and uncertainties

The broader economy within which the business operates has significant impact on the Group's activities through demand from tenants and funders of the properties which the Group develops. The Board undertakes regular reviews of the markets in which the businesses operate to ensure that it is aware of changes in market conditions.

The impact of economic conditions, both national and local, on construction costs is a further key risk to the property development business. The result of the EU referendum has created uncertainty with regards to business development opportunities. However a large proportion of our developments are for global research companies and our initial assessment is that this market may prove resilient during this period of uncertainty. The Board undertakes regular monitoring of construction costs.

The Board consider that financial risk and uncertainty is one of the key strategic risks impacting on property development businesses.

Financial risk management policies and objectives

The Group uses various financial instruments which include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

All transactions in derivatives are undertaken only to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken. The main risks arising from the Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk.

The directors review and agree policies for managing each of these risks and they are summarised below.

These financial instruments expose the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure

Strategic Report (continued)

to interest rate risk (arising from the repricing of the Group's floating rate liabilities), the Group enters into a number of derivative transactions including, but not limited to, variable to fixed interest rate swaps and interest rate option contracts. Hedging policies in Group companies reflect the underlying needs of each business.

Market interest risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. In this instance there is no exposure to currency risk as the Group does not enter into any foreign currency transactions. The Group's policies for managing fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Liquidity risk & going concern

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. This is managed by way of detailed business planning and cashflow forecasts which underpin all business operations. Loan facilities are matched with cashflow forecasts of the individual business units to provide a stable platform. Short term flexibility is achieved within facilities provided to companies within the Group.

The majority of working capital requirements are financed by borrowing in Brookgate Property Limited or through funds generated from trading activities.

The directors have prepared forecasts for the Group which show that the Group will be able to operate within the bank facilities which the directors expect to be available. On this basis the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Interest rate risk

The Group finances its operations through retained profits, and fixed and floating rate bank borrowings. It is Group policy for directors to actively monitor global economic events and market interest rate risks with a view to optimising financial performance within a sensible and prudent strategy of interest rate risk management. The extent to which the Group's outstanding floating rate obligations are exposed to interest rate risks is kept under close review and is agreed at regular board meetings. The Group uses a wide range of medium and long term interest rate derivatives to hedge interest rate risk in compliance with the policy which has been agreed from time to time by the board.

Where long term hedging instruments are no longer required by the Group the hedges are disposed of in the market.

ON BEHALF OF THE BOARD

J Wooles
Secretary
19 December 2017

Independent auditor's report to the members of Brookgate Limited

Opinion

We have audited the financial statements of Brookgate Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2017 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity, the company statement of changes in equity and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2017 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Strategic Report set out on pages 3 to 7, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Graham Mummery
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
19 **December 2017**

Principal accounting policies

General information

Brookgate Limited is a private limited company, incorporated in England. The registered office is 2 Station Place, Cambridge, CB1 2FP.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 October 2017.

Going concern

The directors have prepared forecasts for the Group, which show that the Group will be able to operate within the bank facilities available. On this basis, the directors are of the opinion that it is appropriate to prepare the financial statements for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements on a going concern basis.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£) which is the functional currency of the Group.

The individual accounts of Brookgate Limited have also adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes for the company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and on consolidation is capitalised and amortised over an appropriate period. In the circumstances of the acquisition during 2009, the majority of the goodwill on consolidation has been immediately written off. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover is the total amount receivable by the Group for goods supplied and services provided during the year, excluding VAT. Turnover includes rental income in respect of properties held for redevelopment. Rental income from operating leases is recognised on a straight line basis over the period of the lease.

Sales of land and property are recognised upon completion of contracts. Revenue is recognised once a right to consideration is achieved.

Principal accounting policies (continued)

Turnover (continued)

Where the Group has sold land, and also entered into development contracts in respect of land, the land sale and development contract are accounted for separately provided the full rights and rewards of ownership are transferred on the land sale and appropriate arm's length terms and fair values are applied to each contract.

Development contracts

Profit on development contracts is taken as the work is carried out, provided the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis to reflect the proportion of the work that is carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which has been completed to date. Profits are accrued as amounts recoverable on contracts where these are yet to be invoiced. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Land and properties under development

Land and properties in the course of development that will be retained once their development has been completed, are stated at open market value as determined by independent valuation. The open market value includes development value and takes into account whether planning consents have been achieved. Land acquisitions, costs of construction, legal, finance and planning fees incurred within the construction of the properties held for redevelopment have been capitalised in the balance sheet. Borrowing costs are capitalised up to the date of practical completion.

Temporary changes in market value are recorded in the non-distributable profit reserve and recognised in the statement of comprehensive income. Where the carrying value falls below historical cost, these deficits are transferred to the profit and loss account.

The master plan for Cambridge cb1 referred to in the Strategic Report continues to evolve as part of the planning process. The company's strategy is for all land and buildings to be sold once development is completed and therefore all properties held for development in Brookgate Property Limited are held as stock.

Freehold properties

Freehold properties are held for the long term provision of services under a PFI contract and are stated at cost. The Group has taken advantage of transitional relief for deemed cost at the date of transition to FRS 102. On this date, the properties were valued by a professional valuation agency on an appropriate basis and the resulting valuation change taken to a non-distributable profit reserve.

Depreciation is not provided in respect of freehold properties. This policy represents a departure from the Companies Act 2006, which requires depreciation to be provided on all fixed assets. However, this statutory requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view. If this departure from the Companies Act had not been made, the profit for the financial year would have been reduced by depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Principal accounting policies (continued)

Property, plant and equipment

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is provided on all tangible fixed assets, other than development properties in the course of construction, freehold properties and freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Leasehold properties	-	50 years or the period of the lease if shorter
Furniture, plant and equipment	-	3 years

Goodwill and amortisation

Goodwill on consolidation represents the difference between the fair value of the consideration and the fair value of the net assets acquired.

In light of the circumstances of the acquisition of the Group's operating businesses during 2009 the directors have immediately impaired the majority of the goodwill arising on consolidation for all businesses acquired except where the business value was based on long term contracted income.

Goodwill amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset.. For businesses with long term contracted income, goodwill arising on consolidation is amortised over the life of the contract. Purchased goodwill is amortised over its useful economic life of 10 years.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and estimated net realisable value. The cost of property work in progress comprises acquisition costs, site preparation and clearance, planning and professional fees, construction, appropriate overheads and interest payable. The estimated net realisable value of property work in progress is calculated based on projected future sale proceeds less costs to completion.

Borrowing costs

In accordance with FRS 102 section 25, the costs of raising term finance are charged to the profit and loss account over the term of the debt at a constant rate on the carrying amount unless the debt is for a period of less than five years. All borrowing costs incurred relating to assets under development, whether for long-term investment or trading activity, are capitalised until completion of the development.

Finance leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

Principal accounting policies (continued)

The interest elements of the rental obligations are charged in the group profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date for liabilities that cannot be foreseen. Deferred tax is measured on a discounted basis for those liabilities and assets whose timing of reversal can be assessed with more certainty.

Pensions

The Group operates a defined contribution pension scheme for all employees. In addition, the company makes contributions to money purchase pension schemes for the executive directors. Contributions made to these externally managed pension schemes are charged to the profit and loss account in the year during which the contributions accrue.

Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Hedging arrangements

The Group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of

Principal accounting policies (continued)

borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

Hedging arrangements (continued)

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Significant judgement and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions. Actual results may differ from these estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

- The fair value of financial instruments that are not traded on an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and makes assumptions that are mainly based on the market conditions existing as at each end of the reporting period (see also note 24).

- The directors have considered the carrying value of stocks, against which no impairment provision has been made. The carrying value of stock can be found at note 12.

- Amounts recoverable on contracts have been estimated by the directors and are disclosed at note 13.

Consolidated profit and loss account

	Note	Year to 31 October 2017 £	Year to 31 October 2016 £
Turnover	1	**37,011,450**	63,685,788
Cost of sales		**(24,047,785)**	(49,761,158)
Gross profit		**12,963,665**	13,924,630
Other operating charges	2	**(571,698)**	(516,939)
Operating profit	3	**12,391,967**	13,407,691
Net interest payable	7	**(3,263,626)**	(3,263,865)
Profit on ordinary activities before taxation		**9,128,341**	10,143,826
Tax on profit on ordinary activities	8	**(1,837,553)**	(485,324)
Profit for the financial year		**7,290,788**	9,658,502

All of the activities of the Group are classed as continuing.

Consolidated statement of comprehensive income

	Year to 31 Oct 2017 £	Year to 31 Oct 2016 £
Profit for the financial year	**7,290,788**	9,658,502
Cash flow hedges		
- Change in value of hedging instrument	**2,529,316**	(3,134,610)
Total comprehensive income for the financial year	**9,820,104**	6,523,892

Consolidated balance sheet

	Note	31 October 2017 £	31 October 2016 £
Fixed assets			
Intangible assets	9	**3,898,613**	4,277,351
Tangible assets	10	**59,033,478**	59,054,345
		62,932,091	63,331,696
Current assets			
Stocks	12	**31,267,325**	28,993,902
Debtors	13	**8,803,383**	15,055,315
Cash at bank and in hand		**11,219,432**	9,991,926
		51,290,140	54,041,143
Creditors: amounts falling due within one year	14	**8,766,338**	9,282,385
Net current assets		**42,523,802,**	44,758,758
Total assets less current liabilities		**105,455,893**	108,090,454
Creditors: amounts falling due after more than one year	15	**(70,707,137)**	(73,161,802)
Net assets		**34,748,756**	34,928,652
Capital and reserves			
Called-up equity share capital	19	**1,576**	1,676
Share premium	20	**57,646,566**	67,646,466
Non-distributable profit reserve	20	**8,000,000**	8,000,000
Cash flow hedge reserve	20	**(17,330,513)**	(19,859,829)
Profit and loss account	20	**(13,568,873)**	(20,859,661)
Shareholders' funds		**34,748,756**	34,928,652

These financial statements were approved by the directors and authorised for issue on 19 December 2017, and are signed on their behalf by:

C Rutherford
Chairman

J Wooles
Director

The accompanying accounting policies and notes form part of these financial statements.

Company balance sheet

	Note	31 October 2017 £	31 October 2016 £
Fixed assets			
Investments	11	**29,925,037**	30,356,102
Current assets			
Debtors	13	**570,574**	67,134
Cash at bank and in hand		**547,126**	412,973
		1,117,700	480,107
Creditors: amounts falling due within one year	14	**123,785**	105,826
Net current assets		**993,915**	374,281
Net assets		**30,918,952**	30,730,383
Capital and reserves			
Called-up equity share capital	19	**1,576**	1,676
Share premium account	20	**57,646,566**	67,646,466
Profit and loss account	20	**(26,729,190)**	(36,917,759)
Shareholders' funds		**30,918,952**	30,730,383

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account and Statement of Comprehensive Income. The company profit for the year ended 31 October 2017 is £10,188,569 (2016: £6,867,903).

These financial statements were approved by the directors and authorised for issue on 19 December 2017, and are signed on their behalf by:

C Rutherford
Chairman

J Wooles
Director

Consolidated statement of cash flows

	Year to 31 October 2017	Year to 31 October 2016
	£	£
	2017	2016
	£	£
Group profit for the year	**7,290,788**	9,658,502
Amortisation	**378,738**	378,737
Depreciation	**22,013**	13,639
Increase / decrease in stocks	**(2,273,423)**	4,727,967
Decrease in debtors	**5,733,879**	2,673,916
(Decrease) / increase in creditors	**(787,938)**	187,893
Net finance costs	**3,263,626**	3,263,865
Taxation charge	**1,857,553**	485,324
Net cash inflow from operating activities	**15,485,236**	21,389,843
Corporation tax paid	**(1,492,958)**	(164,225)
Investing activities		
Purchase of fixed assets	**(1,146)**	(65,944)
Interest received	**29,920**	72,652
Net cash flow from investing activities	**28,774**	6,708
Financing activities		
Reduction in preference share capital	**(10,000,000)**	(12,000,000)
Bank loans received	**500,000**	-
Interest paid	**(3,293,546)**	(3,336,517)
Bank loans repaid	**-**	(4,750,000)
Net cash outflow from financing activities	**(12,793,546)**	(20,086,517)
Increase in cash and cash equivalents	**1,227,506**	1,145,809
Cash and cash equivalents at 1 November	**9,991,926**	8,846,117
Cash and cash equivalents at 31 October	**11,219,432**	9,991,926

Consolidated statement of changes in equity

	Called-up share capital	Share premium account	Cash flow hedge reserve[1]	Non distributable profit reserve[2]	Profit and loss account	Amount attributable to owners of the parent
	£	£	£	£	£	£
At 1 Nov 2015	1,796	79,646,346	(16,725,219)	7,892,444	(30,410,607)	40,404,760
Profit for the year	-	-	-	-	9,658,502	9,658,502
Other comprehensive income	-	-	(3,134,610)	-	-	(3,134,610)
Transfer to non-distributable	-	-	-	107,556	(107,556)	-
Redemption of shares	(120)	(11,999,880)	-	-	-	(12,000,000)
At 31 Oct 2016	**1,676**	**67,646,466**	**(19,859,829)**	**8,000,000**	**(20,859,661)**	**34,928,652**
Profit for the year	**-**	**-**	**-**	**-**	**7,290,788**	**7,290,788**
Other comprehensive income	**-**	**-**	**2,529,316**	**-**	**-**	**2,529,316**
Redemption of shares	**(100)**	**(9,999,900)**	**-**	**-**	**-**	**(10,000,000)**
At 31 Oct 2017	**1,576**	**57,646,566**	**(17,330,513)**	**8,000,000**	**(13,568,873)**	**34,748,756**

[1] The cash flow hedge reserve includes the associated deferred tax asset of £3,549,623 (2016: £4,067,676).

[2] The non-distributable profit reserve arose on the previous revaluation of certain fixed assets and includes the associated deferred tax of £ nil (2016: £nil).

Company statement of changes in equity

	Called-up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 Nov 2015	1,796	79,646,346	(43,785,662)	35,862,480
Profit for the year	-	-	6,867,903	6,867,903
Redemption of shares	(120)	(11,999,880)	-	(12,000,000)
At 31 Oct 2016	**1,676**	**67,646,466**	**(36,917,759)**	**30,730,383**
Profit for the year	-	-	**10,188,569**	**10,188,569**
Redemption of shares	**(100)**	**(9,999,900)**	-	**(10,000,000)**
At 31 Oct 2017	**1,576**	**57,646,566**	**(26,729,190)**	**30,918,952**

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the principal activities of the group. All turnover arose in the United Kingdom.

	Year to 31 October 2017 £	Year to 31 October 2016 £
Rental and unitary payments	**7,828,211**	7,382,385
Property sale & development	**29,183,251**	56,303,403
	37,011,462	63,685,788

2 Other operating charges

	Year to 31 October 2017 £	Year to 31 October 2016 £
Administrative expenses	**571,698**	516,939
	571,698	516,939

3 Operating profit

Operating profit is stated after charging:

	Year to 31 October 2017 £	Year to 31 October 2016 £
Annual amortisation of intangible assets	**22,013**	378,737
Depreciation of owned fixed assets	**30,000**	13,639
Auditor's remuneration:		
- Audit of the company	**8,750**	7,000
- Audit of subsidiary undertakings	**33,700**	33,000
- Taxation advice	**37,988**	36,445
- Payroll services	**3,450**	1,421
- Advisory fees	**-**	6,500
Reversal (credit) of impairment against work in progress	**(205,000)**	(536,942)

4 Particulars of employees

The average number of staff employed by the Group during the financial year amounted to:

	2017 No	2016 No
Number of employees	**10**	10

Notes to the financial statements

5 Particulars of employees (continued)

The aggregate payroll costs of the above were:

	Year to 31 October 2017	Year to 31 October 2016
	£	£
Wages and salaries	**1,544,549**	1,433,634
Social security costs	**200,503**	183,410
Other pension costs	**92,129**	75,436
	1,837,181	1,692,480

6 Directors

Remuneration in respect of directors was as follows:

	Year to 31 October 2017	Year to 31 October 2016
	£	£
Remuneration receivable including pension contributions	**897,377**	882,798
	897,377	882,798

Remuneration of highest paid director:

	£	£
Remuneration (excluding pension contributions)	**424,612**	409,968
Pension contributions	**10,000**	18,333
	434,612	428,301

The number of directors receiving contributions to defined contribution pension schemes amounted to 2 (2016: 2).

7 Net interest (payable) / receivable

	Year to 31 October 2017	Year to 31 October 2016
Interest receivable	£	£
Bank interest	**29,920**	72,652
Interest payable	£	£
Bank loan and loan stock interest	**(3,293,546)**	(3,336,517)
Total	**(3,263,626)**	(3,263,865)

No interest was capitalised during the year as no borrowing was undertaken to finance development activities.

Notes to the financial statements

8 Taxation on ordinary activities

(a) Analysis of charge in the period

	Year to 31 October 2017	Year to 31 October 2016
	£	£
Current tax:		
UK Corporation tax based on the results for the year	1,835,876	577,449
Adjustment to tax charge in respect of previous periods	1,677	(92,125)
Total current tax		485,324
Deferred tax – origination & reversal of timing differences	-	-
Tax on profit on ordinary activities	**(1,837,553)**	485,324

(b) Factors affecting tax charge for the year

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19.417% (2016: 20.00%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	**9,128,341**	10,143,826
Profit on ordinary activities by rate of tax	1,772,450	2,028,765
Non-tax deductible amortisation of goodwill and impairment	67,714	69,747
Differences between capital allowances and depreciation	1,684	6,000
Other expenses not tax deductible	8,739	2,534
Adjustment to tax charge in respect of previous periods	1,677	(92,125)
Chargeable losses	-	(223,419)
Utilisation of tax losses	(22,222)	(154,743)
Deferred tax credited directly to equity	(518,052)	396,287
Timing difference on interest rate swaps not recognised	591,605	(706,179)
Effect of tax rate change on opening balance	(73,553)	316,670
Other short term timing differences	7,511	-
Deferred tax not recognised	-	(1,158,213)
Total tax charge for the year (note 8(a))	**1,837,553**	485,324

Notes to the financial statements

9 Intangible fixed assets

Group	Goodwill on consolidation	Purchased Goodwill	Total
	£	£	£
Cost or Valuation			
As at 1 November 2016	108,198,806	300,000	108,498,806
At 31 October 2017	**108,198,806**	**300,000**	**108,498,806**
Amortisation			
As at 1 November 2016	104,013,955	207,500	104,221,455
Provided in Year	**348,738**	**30,000**	**378,738**
At 31 October 2017	**104,362,693**	**237,500**	**104,600,193**
Net book value			
As 31 October 2017	**3,836,113**	**62,500**	**3,898,613**
At 31 October 2016	4,184,851	92,500	4,277,351

In light of the circumstances of the acquisition of the Group's operating businesses the directors immediately impaired all the goodwill arising on consolidation for all businesses acquired except where the business value was based on long term contracted income. For businesses with long term contracted income goodwill arising on consolidation is amortised over the life of the contract.

10 Property, plant and equipment

Group	Freehold properties	Vehicles and office equipment	Total
	£	£	£
Cost			
As at 1 November 2016	59,000,000	65,944	59,065,944
Additions	-	**1,146**	**1,146**
At 31 October 2017	**59,000,000**	**67,090**	**59,067,090**
Depreciation			
As at 1 November 2016	-	11,599	11,599
Charge for the year	-	**22,013**	**22,013**
At 31 October 2017	-	**33,612**	**33,612**
Net book value			
As 31 October 2017	**59,000,000**	**33,478**	**59,033,478**
At 31 October 2016	59,000,000	54,345	59,054,345

Freehold properties include capitalised interest costs amounting to £1,676,071 (2016 - £1,676,071).

If freehold properties had not been revalued to deemed cost at the date of transition to FRS102, they would have been included on this historical cost basis at £39,870,737 (2016: £39,870,737).

Notes to the financial statements

11 Investments

Company	Shares in group undertakings £
Cost	
As 1 November 2016	113,603,108
At 31 October 2017	**113,603,108**
Impairment	
As 1 November 2016	83,247,006
Charge for the year	**431,065**
At 31 October 2017	**83,678,071**
Net book value	
As 31 October 2017	**29,925,037**
At 31 October 2016	30,356,102

The cost of investment has been recognised at the overall net asset value of the subsidiaries at 31 October 2017.

The above investment represents the ordinary issued share capital of the following subsidiaries in the percentages set out on the following page.

Notes to the financial statements

11 Investments (continued)

Name of subsidiary undertaking	Nature of business	Percentage of equity held
Brookgate Property Limited (formerly Brookgate cb1 Limited)	Commercial property trading and development	100%
Brookgate Land Limited	Land trading and development	100%
Roselead Limited **	Provision of housing services under PFI contract	100%
Roselead (Wattisham) Limited	Intermediate holding company	100%
Roselead Holdings Limited	Intermediate holding company	100%
Brookgate Homes Limited	Residential property development	100%
Brookgate Development Management Limited	Planning and project management	100%
CB1 Management Company Limited***	Estate management	100%
Brookgate (Hills Road) Limited	Dormant	100%
Greenways (Ravenswood) Limited*	Dormant	100%
Greenways Holdings Limited	Dormant	100%
Spaceship Group Limited	Dormant	100%

*Greenways (Ravenswood) Limited is held as a wholly owned subsidiary of Greenways Holdings Limited.

** Roselead Limited is owned 50% by Roselead Wattisham Limited and Roselead Holdings Limited.

***CB1 Management Company Limited is currently held as a wholly owned subsidiary Brookgate Property Limited. The company will allot shares to the owners of buildings on the cb1 estate in proportion to the plan area of their buildings. Brookgate will retain control of the company by virtue of a golden share.

All of the above subsidiaries were acquired on 8 December 2009, with the exception of CB1 Management Company Limited which was acquired in September 2011.

All of the above subsidiaries are incorporated in England and Wales.

12 Stocks

	The group		The company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Land and developments for resale	**31,267,325**	28,993,902	–	–
	31,267,325	28,993,902	–	–

Work in progress includes an amount of £24,019,174 (2016: £28,993,902) which is expected to be realised after more than one year.

Notes to the financial statements

13 Debtors

	The group		The company	
	2017	2016	**2017**	2065
	£	£	**£**	£
Trade debtors	**637,006**	2,143,657	-	-
Amounts recoverable on contracts	**4,458,812**	8,614,841	-	-
Other debtors	**116,884**	119,860	**62,000**	61,000
Deferred tax (note 17)	**3,549,623**	4,067,676	-	-
Prepayments and accrued income	**41,058**	50,944	**8,574**	6,134
Amounts owed by group undertakings	-	-	**500,000**	-
VAT recoverable	-	58,337	-	-
	8,803,383	15,055,315	**570,574**	67,134

14 Creditors: amounts falling due within one year

	The group		The company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Trade creditors	**895,273**	2,727,818	-	-
Taxation and social security	**1,477,962**	2,694,974	**73,394**	71,948
Accruals and deferred income	**3,569,998**	1,308,379	**41,623**	25,150
Corporation tax	**854,106**	489,511	-	-
Fair value liability of financial derivatives	**1,968,999**	2,061,703	-	-
Amounts owed to group undertakings	-	-	**8,768**	8,728
	8,766,338	9,282,385	**123,785**	105,826

15 Creditors: amounts falling due after more than one year

	The group		The company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Fair value liability of financial derivatives	**18,911,137**	21,865,802	-	-
Bank loans	**51,796,000**	51,296,000	-	-
	70,707,137	73,161,802	-	-

16 Bank loans

Bank loans are repayable as follows:

	The group		The company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Amounts payable within 1 year		-	-	-
Amounts payable after 1 and within 5 years	**2,000,000**	1,500,000	-	-
Amounts payable after 5 years	**49,796,000**	49,796,000	-	-
	51,796,000	51,296,000	-	-

Notes to the financial statements

16 Bank loans (continued)

The bank loans payable between one and five years are a revolving credit facility, which is subject to quarterly limit reductions of £125,000 until October 2019 followed by a final payment of £4,500,000. Interest is payable on the loan at a floating rate with a margin of 2.3% above LIBOR.

The bank loans due after five years are repayable as follows:

	The group		The company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Bank loan 1, repayable in May 2028, swapped interest rate including margin 6.57% to 31 May 2028	**36,696,000**	36,696,000	-	-
Bank loan 2, repayable in October 2028, swapped interest rate including margin 5.81% to 31 October 2028	**13,100,000**	13,100,000	-	-
	49,796,000	49,796,000	-	-

Loans entered into by Group companies are secured on the assets of the companies.

Throughout the year, the Group has hedged certain of its borrowing costs with a range of interest rate derivatives. As at 31 October 2017, these had a negative value of £20,880,1363 (2016: £23,927,505) which is recognised in the group balance sheet as a fair value adjustment.

17 Deferred taxation

The group's provision for deferred taxation liabilities/(assets) consists of the tax effect of timing differences in respect of:

Group	**2017**		2016	
	Provided	**Unprovided**	Provided	Unprovided
	£	**£**	£	£
Revaluation of financial derivative - Asset	**3,549,623**	–	4,067,676	–
Tax losses available - Asset	–	**2,681,000**	–	2,699,600
Capitalised interest and charges - Liability	–	**1,760,656**	–	1,760,656
Unrealised revaluation deficit - Asset	–	**88,325**	–	88,325
Unrealised revaluation surplus - Liability	–	–		–
	3,549,623	**4,529,981**	4,067,676	4,548,581

The deferred taxation provision is included in the balance sheet is:

	The group		The company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Included in debtors (note 13)	**3,549,623**	4,067,676	–	–
Included in provisions	–	–	–	–
Asset carried forward	**3,549,623**	4,067,676	–	–

Notes to the financial statements

17 Deferred taxation (continued)

The Group has tax losses of circa £15,773,000 (2016: £15,880,000) available to potentially offset against future taxable profits.

18 Related party transactions

The Group has taken advantage of the exemption allowed under FRS 102 (33.1A) to disclose transactions with other members of the group headed by Brookgate Limited.
Key management personnel are defined as directors and senior members of the management team.

Key management personnel compensation for the year was £1,614,465 (2016: £1,401,187).

19 Share capital

Allotted, called up and fully paid:

	2017		2016	
	No	**£**	No	£
450 A Ordinary shares of £1 each	**450**	**450**	450	450
550 Ordinary shares of £1 each	**550**	**550**	550	550
F Preference shares of £0.00001 each	**-**	**-**	10,000,000	100
G Preference shares of £0.00001 each	**10,000,000**	**100**	10,000,000	100
H Preference shares of £0.00001 each	**10,000,000**	**100**	10,000,000	100
I Preference shares of £0.00001 each	**10,000,000**	**100**	10,000,000	100
J Preference shares of £0.00001 each	**27,647,000**	**276**	27,647,000	276
		1,576		1,696

Capital Reduction
10,000,000 Class F preference shares were redeemed during the year.

Rights of shares
The A Ordinary shares have attached to them voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

The Ordinary shares have attached to them voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

All classes of preference shares have attached to them dividend and capital distribution (including on winding up) and redemption rights; they do not confer any voting rights.

Class G Preference shares have the right to be redeemed before other classes, followed by classes H, I and J in that order.

Notes to the financial statements

20 Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium – represents the premium paid over nominal value of shares that have been issued.

Cash flow hedge reserve – comprises valuation differences arising from changes in the fair values of derivatives designated as cash flow hedges together with the deferred tax impact thereof.

Non-distributable profit reserve – comprises historic valuation uplift of freehold properties that have not been realised.

Profit and loss account – includes all current and prior period distributable retained profits and losses.

21 Contingent liabilities

The Group has a liability to ensure that planning obligations are complied with on the sites which it owns and /or develops.

Approximately £1,214,000 (2016: £1,214,000) has been deposited in a designated bank account to accommodate obligations under debt servicing obligations.

Approximately £231,500 (2016: £231,500) has been deposited in a designated bank account to accommodate obligations under the project management agreement in respect of refurbishment costs..

The directors have confirmed that there were no other contingent liabilities which should be disclosed at 31 October 2017 or 31 October 2016.

22 Capital commitments

The directors have confirmed that there were no capital commitments at 31 October 2017 or 31 October 2016.

23 Controlling related party

As a result of the shareholdings in Brookgate Limited, the directors consider there to be no controlling related party.

Notes to the financial statements

24 Financial instruments

	2017	2016
	£	£
Financial assets measured at amortised cost:	**16,315,250**	20,787,370
Financial liabilities measured at fair value through profit or loss:		
Derivative financial instruments	**20,880,136**	23,927,505
Financial liabilities measured at amortised cost:	**55,950,250**	55,096,583

Throughout the period the group has utilised a loan including an interest swap agreement. As at the 31 October 2017 the fair value of this loan swap amounted to a liability of £20,880,136 (2016: £23,927,505). The swaps are based on principal amounts of £49,796,000 and mature in 2028.

The instrument is used to hedge the group's exposure to interest rate movements on loan facility. The hedging arrangement fixes the total interest payable on the loans as set out in the table below:

	The group		The company	
	2017	2016	**2017**	2016
	£	£	£	£
Bank loan 1, repayable in May 2028, swap rate 5.72% to 31 May 2028	**36,696,000**	36,696,000	-	-
Bank loan 2, repayable in October 2028, swap rate 4.7% to 31 October 2028	**13,100,000**	13,100,000	-	-
	49,796,000	49,796,000	-	-

Cash flows on both the loan and the interest rate swaps are paid quarterly until 2028. During 2017, a hedging gain of £2,529,316 (2016: loss of £3,134,610 was recognised in other comprehensive income for changes in the fair value of the interest rate swap and deferred tax movements thereon.