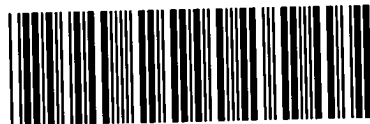


**1 SPINNINGFIELDS INVESTMENTS LTD
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

FRIDAY



A6G0HT0J

A17

29/09/2017

#173

COMPANIES HOUSE

1 Spinningfields Investments Ltd
Directors' Report and Financial Statements
For The Year Ended 31 December 2016

Contents

	Page
Company Information	1
Directors' Report	2
Auditor's Report	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7—11

1 Spinningfields Investments Ltd
Company Information
For The Year Ended 31 December 2016

Directors

Mr J Raine
Mr F P Graham-Watson
Mr M J Ingall
Mr S P Lyell
Mr A J Campbell

Secretary

Mr A J Campbell

Company Number

07278023

Registered Office

2nd Floor
HQ Building
2 Atherton Street
Manchester
M3 3GS

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

1 Spinningfields Investments Ltd
Company No. 07278023
Directors' Report For The Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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 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 the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Statement of Disclosure of Information to Auditors

The directors of the company who held office at the date of approval of this annual report confirm that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal Activity

The company's principal activity is that of an investment company.

Review of Business

The directors of the company are reliant on the ultimate parent company to facilitate financial support which is expected to continue to be provided and the directors of the company have therefore prepared the financial statements on a going concern basis.

Directors

The directors who held office during the year were as follows:

Mr J Raine
Mr F P Graham-Watson
Mr M J Ingall
Mr S P Lyell
Mr A J Campbell

Small Company Rules

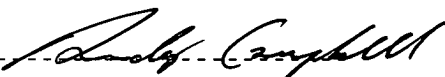
This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

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

Auditors

BDO have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

----- 

Mr A J Campbell
Director

Date 30/06/2017

**1 Spinningfields Investments Ltd
Auditor's Report
For The Year Ended 31 December 2016**

Independent Auditor's Report to the Members of 1 Spinningfields Investments Ltd

We have audited the financial statements of 1 Spinningfields Investments Ltd for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company has an external loan which is due for repayment on 31 December 2017, the repayment of which is dependent on the disposal of a property held in an indirect subsidiary or successful refinancing. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

Opinion on Other Matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

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;
- the financial statements are not in agreement with the accounting records or returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



Alexander Tapp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

Date **30 JUNE 2017**

BDO LLP
55 Baker Street
London
W1U 7EU

BDO LLP is a limited liability partnership registered in England and Wales (with registration number OC305127)

1 Spinningfields Investments Ltd
Statement of Comprehensive Income
For The Year Ended 31 December 2016

	Notes	2016 £	2015 £
Cost of sales		(4,480)	165,885
GROSS (LOSS) / PROFIT		(4,480)	165,885
Administrative expenses		(113,701)	(358,813)
OPERATING LOSS	2	(118,181)	(192,928)
Other interest receivable and similar income		4,855	4,128
Interest payable and similar charges	4	(5,767,925)	(4,055,913)
LOSS FOR THE FINANCIAL YEAR		(5,881,251)	(4,244,713)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(5,881,251)	(4,244,713)

All amounts relate to continuing activities.


1 Spinningfields Investments Ltd
Statement of Financial Position
For The Year Ended 31 December 2016

Company No. 07278023

		2016		2015	
	Notes	£	£	£	£
FIXED ASSETS					
Investments	6		64,806,614		22,983,36
			<u>64,806,614</u>		<u>22,983,362</u>
CURRENT ASSETS					
Debtors	7	3,097,239		2,950,206	
Cash at bank and in hand		652,597		309	
		<u>3,749,836</u>		<u>2,950,515</u>	
Creditors: Amounts Falling Due Within One Year	8	<u>(81,766,508)</u>		<u>(32,768,875)</u>	
NET CURRENT LIABILITIES			<u>(78,016,672)</u>		<u>(29,818,360)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(13,210,058)</u>		<u>(6,834,998)</u>
Creditors: Amounts Falling Due After More Than One Year	9		-		(493,809)
NET LIABILITIES			<u>(13,210,058)</u>		<u>(7,328,807)</u>
CAPITAL AND RESERVES					
Called up share capital	10		100		100
Profit and loss account			<u>(13,210,158)</u>		<u>(7,328,907)</u>
SHAREHOLDERS' FUNDS			<u>(13,210,058)</u>		<u>(7,328,807)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on 30/01/2017



Mr A J Campbell
Director

1 Spinningfields Investments Ltd
Statement of Changes in Equity
For The Year Ended 31 December 2016

	Share Capital	Profit & Loss Account	Total
	£	£	£
As at 1 January 2015	100	(3,084,194)	(3,084,094)
Comprehensive income for the year			
Loss for the year	-	(4,244,713)	(4,244,713)
As at 31 December 2015	100	(7,328,907)	(7,328,807)
As at 1 January 2016	100	(7,328,907)	(7,328,807)
Comprehensive income for the year			
Loss for the year	-	(5,881,251)	(5,881,251)
As at 31 December 2016	100	(13,210,158)	(13,210,058)

The notes on pages 7 to 11 form part of these financial statements

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with the provisions of Financial Reporting Standard 102 Section 1A Small Entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 1.7).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

1.2 Financial Reporting Standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 4 Statements of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Allied London Properties Limited as at 31 December 2016 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

1.3. Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.4. Financial Instruments

Financial assets

Financial assets, other than investments and derivatives as measured at fair value, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost. The company enters into variable to fixed rate interest rate swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date and recognised in profit or loss for the period. The company does not hedge account for such derivatives.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.5. Investments

Investments in property unit trusts are measured at cost less impairment.

1.6. Preparation of Consolidated Financial Statements

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102, "Consolidated and separate financial statements", Section 9.3A not to prepare consolidated accounts on the basis that the company and the group qualify as small as permitted by sections 384 and 399 (2A) of Companies Act 2006.

1.7 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine the financial status of interest rate derivatives held by the company and their fair value at the year-end date. Fair value was calculated using the fixed and variable leg rates, taking into consideration the spot exchange rate on 31 December 2016.
- Investments are stated at cost less any provision for impairment. The directors have assessed the recoverability of investments made and economic benefit of the investments based on market conditions, economic forecasts and cashflow estimates.

1.8 Going Concern

As at 31 December 2016, the company had borrowings amounting to £28.2 million which are due for repayment on 31 December 2017. These borrowings, along with those of a number of its related undertakings, are secured on a leasehold property held by an indirect subsidiary. The directors acknowledge that the repayment of these loans will be satisfied through the disposal of the property or refinancing with the existing or new lenders, most likely the existing lenders.

The directors are exploring a number of options, including refinancing with existing or new lenders or a potential sale of the property, though no agreements have been signed at the date of these financial statements. The directors believe that the anticipated net proceeds of any refinancing or sale will be sufficient to settle the financial indebtedness in full.

As at the date of these financial statements, the ability of the companies to refinance in advance of the repayment of the existing facilities is uncertain as is the result of any marketing of the property for sale. These circumstances indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis as due to ongoing negotiations and relationships with potential lenders and buyers, the board considers that the company will be able to continue to trade as a going concern and meet its liabilities as they fall due.

2. Operating Loss

The company had no employees during the year other than the directors, who received no remuneration.

Operating profit is shown after showing the following:

	2016	2015
Bad debts	31,303	6,329
Audit fees	18,450	8,000
	<u>18,450</u>	<u>8,000</u>

3. Average number of employees

Average number of employees, including directors, during the year was as follows:

	2016	2015
Directors	5	5
	<u>5</u>	<u>5</u>

4. Interest Payable

	2016	2015
	£	£
Fair value loss on interest rate derivative	342,459	317,733
Other interest payable	5,195,492	3,738,180
	<u>5,537,951</u>	<u>4,055,913</u>

5. Tax on Profit on Ordinary Activities

	2016	2015	2016	2015
	£	£	£	£
UK Corporation Tax	20%	20%	-	-
			<u>5,537,951</u>	<u>4,055,913</u>
			£	£
Profit on ordinary activities before tax			(5,881,251)	(4,244,713)
Breakdown of Tax Charge is:				
Tax on profit at 20% (UK standard rate)			(1,176,250)	(848,943)
Effects of:				
Group relief surrendered for no charge			1,176,250	848,943
Total tax charge for the period			<u>-</u>	<u>-</u>

1 Spinningfields Investments Ltd
Notes to the Accounts (continued)
For The Year Ended 31 December 2016

6. Investments

	Unlisted £
Cost	
As at 1 January 2016	22,983,362
Additions	41,823,252
As at 31 December 2016	<u>64,806,614</u>
Provision	
As at 1 January 2016	-
As at 31 December 2016	<u>-</u>
Net Book Value	
As at 31 December 2016	<u>64,806,614</u>
As at 1 January 2016	<u>22,983,362</u>

During the year the company made investments in Allied London 1 Spinningfields Unit Trust totalling £41,823,252. At 31 December 2016 the company's investment in Allied London 1 Spinningfields Unit Trust totals £64,806,614.

The trustees of Allied London 1 Spinningfields Unit Trust are 1 Spinningfields Trustee 1 Limited and 1 Spinningfields Trustee 2 Limited, both registered in Jersey with their Registered Office at 47 Esplanade, St. Helier, Jersey, JE1 0DB.

7. Debtors

	2016 £	2015 £
Due within one year		
Trade debtors	-	39,564
Other debtors	1,008,513	1,580,642
Amounts recoverable from Allied London 1 Spinningfields Unit Trust	2,080,000	1,330,000
Amounts owed by group undertakings	8,726	-
	<u>3,097,239</u>	<u>2,950,206</u>

The amounts due from group undertakings are repayable on demand and not interest bearing.

8. Creditors: Amounts Falling Due Within One Year

	2016 £	2015 £
Trade creditors	-	114,864
Other creditors	34	34
Amounts owed to Allied London 1 Spinningfields Unit Trust	99	99
Amounts owed to group undertakings	53,817,668	32,653,878
Bank loans	27,288,515	-
Interest rate swap	660,192	-
	<u>81,106,316</u>	<u>32,768,875</u>

The amounts due to group undertakings are repayable on demand and not interest bearing.

The above bank loan has an interest rate of 3.5% above LIBOR.

Security is held against this loan by means of debentures in place from both the company's immediate parent company 1 Spinningfields Holdco Limited and a fellow wholly-owned subsidiary of that company, 1 Spinningfields Investments Two Limited.

There is a total available facility of £64,050,000, of which £61,650,000 is hedged. The company has entered into floating to fixed interest rate swaps with a fixed leg of 1.82% and a variable rate leg equal to LIBOR. The fair value of the swap at 31 December 2016 was a liability of £660,192.

At the year-end date, the company had made cash drawdowns totalling £27,285,000. The undrawn part of the facility is subject to a charge of 1.25%. Interest and charges are rolled into the facility, which has a redemption date of 31 December 2017.

Within the bank loan balance is unamortised loan arrangement fees of £229,363 as at the year-end.

9. Creditors: Amounts Falling Due After More Than One Year

	2016 £	2015 £
Bank loans	-	176,076
Interest rate swap	-	317,733
	<u>-</u>	<u>493,809</u>

The above bank loan has an interest rate of 3.5% above LIBOR.

Security is held against this loan by means of debentures in place from both the company's immediate parent company 1 Spinningfields Holdco Limited and a fellow wholly-owned subsidiary of that company, 1 Spinningfields Investments Two Limited.

There is a total available facility of £64,050,000, of which £61,650,000 is hedged. The company has entered into floating to fixed interest rate swaps with a fixed leg of 1.82% and a variable rate leg equal to LIBOR. The fair value of the swap at 31 December 2016 was a liability of £660,192.

At the year-end date, the company had made cash drawdowns totalling £27,285,000. The undrawn part of the facility is subject to a charge of 1.25%.

Interest and charges are rolled into the facility, which has a redemption date of 31 December 2017.

Within the bank loan balance is unamortised loan arrangement fees of £229,363 as at the year-end.

10. Share Capital

	Value £	Number	2016 £	2015 £
Allotted, called up and fully paid				
Ordinary shares	<u>1.000</u>	<u>100</u>	<u>100</u>	<u>100</u>

11. Contingent Liabilities

	2016 £	2015 £
The company is a guarantor of loans taken out by other group companies. These loans are also secured over the assets of other group companies. The total amount guaranteed by the company under these arrangements at the year-end amounted to	-	10,987,864

12. Related Party Transactions

Allied London 1 Spinningfields Unit Trust

The company is one of the two immediate beneficial owners of the trust, holding 64,806,614 (2015: 22,983,361) units at the year-end date.

On 21 January 2016 2,090,232 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 22 February 2016 a further 2,220,198 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 23 March 2016 a further 3,592,159 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 20 April 2016 a further 3,908,678 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 24 May 2016 a further 3,412,793 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 29 June 2016 a further 2,829,741 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 21 July 2016 a further 4,713,798 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 25 August 2016 a further 4,809,057 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 21 September 2016 a further 4,080,775 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 27 October 2016 a further 5,503,062 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.
On 24 November 2016 a further 4,662,759 units were issued to 1 Spinningfields Investments Ltd as £1 per unit.

At the year-end date, the company owed Allied London 1 Spinningfields Unit Trust £99 (2015: £99) with respect to unpaid units.

At the year-end date, Allied London 1 Spinningfields Unit Trust owed the company £2,080,000 (2015: £1,330,000) with respect to a short-term loan and £nil (2015: £1,232,858) with regards to costs incurred relating to the Unit Trust's investment property. This amount is repayable upon demand.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102, "Related party disclosures" Section 33.1A not to disclose details of related party transactions with entities that are 100% owned members of the same group.

13. Ultimate Controlling Party

1 Spinningfields Holdco Ltd, a holding company registered in England and Wales is the immediate parent company. The directors consider the ultimate parent company to be Capital Holdco Limited, a company registered in the British Virgin Islands. Allied London Properties Limited, a company registered in England and Wales, is the largest group company with publicly available accounts.

14. Financial Instruments

The Company considers that the fair value of cash, debtors and creditors are not materially different to their carrying value.

The Company's financial instruments may be analysed as follows:

	2016 £	2015 £
Financial assets		
Financial assets measured at amortised cost	3,744,762	2,950,290
Financial liabilities		
Financial liabilities measured at amortised cost	81,106,317	32,944,951
Financial liabilities measured at fair value through profit or loss	660,192	317,733

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, accrued income and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and amounts due to group undertakings.

Financial liabilities measured at fair value through profit and loss comprise an interest rate swap. This has been valued by calculating the present value of the fixed and the floating leg. The swap term is 2 years with the notional amount of £39,672,245.

16. General Information

1 Spinningfields Investments Ltd, registered number 07278023, is a limited by shares company incorporated in England & Wales. The Registered Office is 2nd Floor, HQ Building, 2 Atherton Street, Manchester, M3 3GS.