

Registered number: 08787174

THAMES QUAY PROPERTIES HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



THAMES QUAY PROPERTIES HOLDINGS LIMITED

COMPANY INFORMATION

Directors Aiadurai Sivasamy Premananthan
Allirajah Subaskaran

Company secretary Aiadurai Sivasamy Premananthan

Registered number 08787174

Registered office 3rd Floor
Walbrook Building
195 Marsh Wall
London
E14 9SG

Independent auditor PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London
E14 4HD

THAMES QUAY PROPERTIES HOLDINGS LIMITED

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THAMES QUAY PROPERTIES HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their report and the financial statements for the year ended 31 December 2017.

Directors

The Directors who served during the year were:

Aiadurai Sivasamy Premananthan
Allirajah Subaskaran

Disclosure 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 the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

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

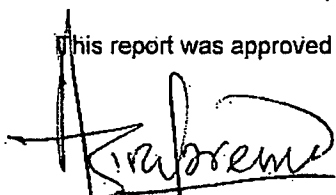
Status of this Directors' report

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

This report was approved by the board on

2nd July 2018

and signed on its behalf.



A S Premananthan
Director

THAMES QUAY PROPERTIES HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors are responsible for preparing the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THAMES QUAY PROPERTIES HOLDINGS LIMITED

Opinion

We have audited the Group and Parent Company financial statements of Thames Quay Properties Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated Statement of cash flows, the Consolidated Statement of changes in equity and the related notes, including a summary of significant accounting policies. 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 Group and Parent Company 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 December 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 Group and Parent Company financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Group and Parent Company financial statements in the United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2.3 in the Group and Parent Company financial statements, which details a material uncertainty in relation to refinancing of the bank loan that is due to mature in December 2018. As stated in this note, this event indicates that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Group and Parent Company financial statements and our Auditor's report thereon. Our opinion on the Group and Parent Company 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 Group and Parent Company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group and Parent Company 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 Group and Parent Company 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.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THAMES QUAY PROPERTIES HOLDINGS LIMITED (CONTINUED)

Opinion 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 Directors' report for the financial year for which the Group and Parent Company financial statements are prepared is consistent with the Group and Parent Company 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Group strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, the Directors are responsible for the preparation of the Group and Parent Company 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 Group and Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company 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.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THAMES QUAY PROPERTIES HOLDINGS LIMITED (CONTINUED)

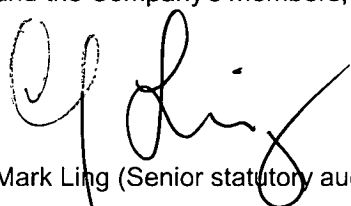
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Parent Company 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 Group and Parent Company financial statements.

A further description of our responsibilities for the audit of the Group and Parent Company 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.

Use of our report

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.



Mark Ling (Senior statutory auditor)

for and on behalf of
PKF Littlejohn LLP

1 Westferry Circus
Canary Wharf
London
E14 4HD

Date:

2nd July 2018

THAMES QUAY PROPERTIES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Turnover	4	4,614	4,602
Gross profit		4,614	4,602
Administrative expenses		(1,395)	(1,456)
Other operating income	5	1,395	1,456
Fair value movements	12	7,000	1,000
Other operating charges		(198)	(206)
Operating profit		11,416	5,396
Interest receivable and similar income	9	-	7
Interest payable and expenses	10	(7,659)	(12,430)
Profit/(loss) before taxation		3,757	(7,027)
Tax on profit/(loss)	11	(479)	(21)
Profit/(loss) for the financial year		3,278	(7,048)
Effective portion of changes in fair value of cash flow hedges		232	70
Other comprehensive income for the year		232	70
Total comprehensive income for the year		3,510	(6,978)
Profit/(loss) for the year attributable to:			
Owners of the parent Company		3,278	(7,048)
		3,278	(7,048)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		3,510	(6,978)
		3,510	(6,978)

The notes on pages 11 to 28 form part of these financial statements.

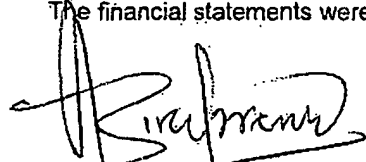
THAMES QUAY PROPERTIES HOLDINGS LIMITED
REGISTERED NUMBER: 08787174

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	As restated 2016 £000
Fixed assets			
Investment property	12	107,000	100,000
		<u>107,000</u>	<u>100,000</u>
Current assets			
Debtors	14	2,220	2,407
Cash at bank and in hand	15	766	865
		<u>2,986</u>	<u>3,272</u>
Creditors: amounts falling due within one year	16	(36,857)	(4,609)
Net current liabilities		<u>(33,871)</u>	<u>(1,337)</u>
Total assets less current liabilities		<u>73,129</u>	<u>98,663</u>
Creditors: amounts falling due after more than one year	17	(73,187)	(102,710)
Provisions for liabilities			
Deferred taxation	20	(500)	(21)
		<u>(500)</u>	<u>(21)</u>
Net liabilities		<u>(558)</u>	<u>(4,068)</u>
Capital and reserves			
Cash flow hedge reserve		(253)	(485)
Profit and loss account		(305)	(3,583)
Total equity		<u>(558)</u>	<u>(4,068)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

2nd July 2018.


A S Premananthan
 Director
 The notes on pages 11 to 28 form part of these financial statements.

THAMES QUAY PROPERTIES HOLDINGS LIMITED
REGISTERED NUMBER: 08787174

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Current assets			
Debtors	14	73,187	68,124
		<u>73,187</u>	<u>68,124</u>
Total assets less current liabilities		73,187	68,124
Creditors: amounts falling due after more than one year	17	(73,187)	(68,124)
Net assets		<u>-</u>	<u>-</u>
Capital and reserves			
Called up share capital		-	-
Total equity		<u>-</u>	<u>-</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company made neither a profit or a loss during the year ended 31 December 2017 (2016: £Nil).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

2nd July 2018


A.S. Premananthan
 Director

The notes on pages 11 to 28 form part of these financial statements..

THAMES QUAY PROPERTIES HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2016 (as previously stated)	-	(555)	789	234
Prior year adjustment (See note 21)	-	-	2,676	2,676
At 1 January 2016 (as restated)	-	(555)	3,465	2,910
Comprehensive income for the year				
Loss for the year	-	-	(7,048)	(7,048)
Other comprehensive income	-	70	-	70
Total comprehensive income for the year	-	70	(7,048)	(6,978)
At 1 January 2017	-	(485)	(3,583)	(4,068)
Comprehensive income for the year				
Profit for the year	-	-	3,278	3,278
Other comprehensive income	-	232	-	232
At 31 December 2017	-	(253)	(305)	(558)

The notes on pages 11 to 28 form part of these financial statements.

Company Statement of Changes in Equity

The Company made no profit or loss during the period and there were no material equity balances at the period end.

The notes on page 11 to 28 form part of these financial statements.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £000	2016 £000
Cash flows from operating activities		
Profit/(loss) for the financial year	3,278	(7,048)
Adjustments for:		
Interest paid	7,659	12,430
Interest received	-	(7)
Taxation charge	479	21
Decrease in debtors	139	348
Increase in creditors	36	153
Net fair value gains recognised on investment property	(7,000)	(1,000)
Net cash generated from operating activities	4,591	4,897
Cash flows from financing activities		
Repayment of loans	(2,602)	(22,854)
New loans from group companies	324	23,876
Interest paid	(2,412)	(5,635)
Net cash used in financing activities	(4,690)	(4,613)
Net (decrease)/increase in cash and cash equivalents	(99)	284
Cash and cash equivalents at beginning of year	865	581
Cash and cash equivalents at the end of year	766	865
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	766	865
	766	865

The notes on pages 11 to 28 form part of these financial statements.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Thames Quay Properties Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Thames Quay Properties Holdings Limited is the ultimate parent company in its group. Thames Quay Properties II Limited owns the Thames Quay estate in London E14. The estate is comprised of four buildings which are rented to commercial tenants.

2. Accounting policies

2.1 Statement of compliance

The group and individual financial statements of Thames Quay Properties Holdings Limited have been prepared in compliance with the United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Parent Company is included in the Consolidated Financial Statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Parent Company Financial Statements have been applied:

- No separate Parent Company Cash Flow Statement with related notes is included.

The following principal accounting policies have been applied:

2.2 Basis of preparation

The consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain assets and liabilities measured at fair value. The Company has taken advantage of Section 408 of the Companies Act from disclosing its individual profit and loss account.

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors believe that the Group and Company will be able to operate and meet its obligations for the foreseeable future.

The Group recorded a profit for the year of £3.76 million after a £7 million increase in the fair value of its investment property. At 31 December 2017, it had net liabilities of £558k and net current liabilities of £33.87 million.

Mr A. Subaskaran owns 98% of the issued share capital of Thames Quay Properties Holdings Limited, the ultimate parent company. Mr Subaskaran also owns 98% of the share capital of WWW Holding Company Limited.

The original cost of the Group's investment property amounted to £84.124 million. This investment is financed in part by bank lending which at 31 December 2017 amounted to £32.12 million and the balance by WWW Holding Company Limited.

At 31 December 2017, the Group had a loan outstanding to WWW Holding Company Limited of £73.2 million. The Directors of WWW Holding Company have confirmed that it will continue to provide financial support for a period of least 12 months from the date of signing these financial statements that includes providing additional finance as well as not requesting repayment of finance already provided, unless the Group has sufficient funds to make payment and is able to continue to make payments to creditors as they fall due.

The Group's bank loan is due to mature on 14 December 2018. The balance of the loan at 31 December 2017 was £32.12 million. The Directors believe that as the key covenants of the loan have been complied with in relation to loan to value and debt service cover they expect that the current lender, Macquarie, will have an interest in renewing the loan. In addition to this, the Group is currently in negotiation with several alternative bank finance lenders for refinancing the current bank loan. In the event the Group is unable to refinance its existing bank loan facilities, the Group will seek finance from WWW Holding Company Limited to settle the maturing loan. The Directors understand that WWW Holding Company Limited have arrangements in place to ensure these funds are available at maturity. Material uncertainty therefore exists in relation to the application of the going concern assumption to these financial statements due to the proximity of the maturing bank loan and no formal offer having yet been received from a lender. However, for the reasons explained, the Directors are of the opinion that this situation can be managed by the Group.

The financial statements do not include any adjustments that would be necessary should the going concern basis be inappropriate.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration receivable, excluding discounts, rebates and Value Added Tax. Turnover represents rental income from the lease of land and buildings and is recognised in the profit and loss account on a straight-line basis over the lease term. Lease incentives granted are recognised over the term of the lease.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 Investment property

Investment properties are properties which are held to earn rental income, or for capital appreciation, or both.

Investment property is carried at fair value determined annually by external valuers. The valuation is based on the development value of land with planning permission for a residential development, applying a discount factor to take into account that planning permission may not be obtained. No depreciation is provided. Changes in fair value are recognised in the consolidated statement of comprehensive income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost, less accumulated impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The cash and cash equivalents are stated at their nominal values, as this approximates to amortised cost. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the Cash Flow Statement.

2.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Where a derivative financial instrument is designated as a hedge of the variability of cash flows of a recognised asset or liability, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of the hedge is recognised in the statement of comprehensive income. When a hedging instrument ends, the cumulative account of the gain or loss in equity is recognised in the statement of comprehensive income.

2.10 Creditors

Short term creditors are measured at the transaction price, plus any attributable transaction costs. Subsequent to initial recognition, they are measured net of impairment losses.

2.11 Interest-bearing borrowings classified as basic financial instrument

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Interest-bearing borrowings are recognised net of initial fees which are amortised using the effective interest rate method.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated profit and loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these Consolidated Financial Statements, management has made judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Key sources of estimation uncertainty

Measurement of fair value of derivative financial instruments

The fair value of a cap option is determined using a market standard Black Scholes model. The key model input parameters are swap rates and volatilities, these are market observable parameters. As market parameters fluctuate, the management considers an acceptable value from a range of values based on the sensitivity of the fair value towards changes in parameters.

Critical accounting judgements in applying the Company's accounting policies

Investment property – Land and buildings

The fair value of the investment property reflects the development value of land with planning permission for a residential development. Assumptions about the likelihood of planning permission and the future development potential in light of the current market conditions are taken into account when valuing the property. The fair value also reflects any cash outflows that could be expected in respect of the property. The fair value of investment property is based on market valuation by a professionally qualified external valuer at the Balance Sheet date.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

Turnover represents the net invoiced amount of rent receivable and excludes value added tax. The total turnover of the Company has been derived from its principal activity wholly undertaken in the UK.

5. Other operating income

	2017 £000	2016 £000
Service charge income	1,395	1,456
	<u>1,395</u>	<u>1,456</u>

Service charge income represents amounts recharged to tenants for property maintenance and up-keep costs.

6. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	55	45
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	6	6
	<u>6</u>	<u>6</u>

7. Employees

The Group did not employ any staff during the year.

8. Directors' remuneration

During the year, the Group did not pay any Directors' remuneration or grant any advances and credits to the Directors or issue any guarantees on behalf of the Directors.

9. Interest receivable

	2017 £000	2016 £000
Other interest receivable	-	7
	<u>-</u>	<u>7</u>

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. Interest payable and similar expenses

	2017 £000	2016 £000
Bank loan interest	2,828	6,551
Loans from related party	4,831	5,879
	<u>7,659</u>	<u>12,430</u>

11. Taxation

	2017 £000	2016 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	479	21
Total deferred tax	<u>479</u>	<u>21</u>
Taxation on profit on ordinary activities	<u>479</u>	<u>21</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%) as set out below:

	2017 £000	2016 £000
Profit/(loss) on ordinary activities before tax	<u>3,757</u>	<u>(7,027)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	723	(1,405)
Effects of:		
Expenses not deductible for tax purposes	841	14
Current year losses for which no deferred tax has been recognised	(182)	1,239
Adjustments relating to change of tax rates	(90)	203
Income not taxable for tax purposes	(1,347)	(200)
Chargeable gains	-	170
Adjustments to tax charge in respect of previous periods	(21)	-
Indexation in respect of capital asset	555	-
Total tax charge for the year	<u>479</u>	<u>21</u>

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Taxation (continued)

Factors that may affect future tax charges

The Company has estimated tax losses of £18,197k (2016: £19,255k) available for carry forward against future trading profits.

Further reductions to the UK corporation tax rates were subsequently enacted as part of the Finance Bill 2016 on 16 March 2016. These reduce the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 January 2017	100,000
Surplus on revaluation	7,000
	<hr/>
At 31 December 2017	107,000
	<hr/> <hr/>
Comprising	
Cost	84,134
Annual revaluation surplus/(deficit):	
Revaluation prior to 1 January 2016	14,866
2016	1,000
2017	7,000
	<hr/>
At 31 December 2017	107,000
	<hr/> <hr/>

The freehold and leasehold investment properties have been valued at £107m by external valuers, Cushman & Wakefield LLP ("C&W"). The valuation has been carried out in accordance with the current UK edition of the RICS Valuation - Professional Standards, published by the Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties has been prepared on the basis of fair value which is the market value of the property defined as 'the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction'. The valuation has been provided for accounts purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W has confirmed that:

- the member of the RICS who was the signatory to the valuations provided to the Group for the same purposes of this valuation has been so since November 2006;
- C&W has been carrying out regular valuations for the same purpose as this valuation on behalf of the Company since 22 November 2013;
- C&W does not provide other significant professional or agency services to the Company; and
- the fee payable to C&W is a fixed amount per property and is not contingent on the appraised value.

The investment property is pledged as security for the senior loan to an indirect subsidiary, Thames Quay Properties II Limited.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. Investments

Company

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Thames Quay Properties III Limited	England and Wales	Ordinary	100 %	Financing
Thames Quay Properties Limited	England and Wales	Ordinary	100 %	Financing
Thames Quay Properties II Limited	England and Wales	Ordinary	100 %	Property Investment

The registered office of all the above companies is 3rd Floor, Walbrook Building, 195 Marsh Wall, London, E14 9SG.

14. Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Due after more than one year				
Amounts owed by group undertakings	-	-	73,187	68,124
Due within one year				
Trade debtors	560	830	-	-
Trade amounts due from related parties	1,387	1,396	-	-
Other debtors	45	45	-	-
Prepayments and accrued income	228	136	-	-
	2,220	2,407	73,187	68,124

15. Cash and cash equivalents

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash at bank and in hand	766	865	-	-
	766	865	-	-

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

16. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2017	<i>2016</i>	2017	<i>2016</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	33,306	1,453	-	-
Trade creditors	424	358	-	-
Trade amounts due to related parties	45	-	-	-
Other taxation and social security	200	230	-	-
Other creditors	620	620	-	-
Accruals and deferred income	1,948	1,948	-	-
Financial instruments	314	-	-	-
	36,857	<i>4,609</i>	-	<i>-</i>

17. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2017	<i>2016</i>	2017	<i>2016</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	-	34,039	-	-
Amounts owed to related parties	73,187	68,124	73,187	68,124
Derivative financial instruments	-	547	-	-
	73,187	<i>102,710</i>	73,187	<i>68,124</i>

18. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and Parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group	<i>Group</i>	Company	<i>Company</i>
	2017	<i>2016</i>	2017	<i>2016</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Creditors falling due after more than one year				
Secured bank loans	-	34,039	-	-
Amounts owed to related parties	73,187	68,124	73,187	68,124
	73,187	<i>102,163</i>	73,187	<i>68,124</i>

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Creditors falling due within less than one year				
Secured bank loans	33,306	1,453	-	-
	<u>33,306</u>	<u>1,453</u>	<u>-</u>	<u>-</u>

Group

Terms and loan repayment schedules are as below:

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017 £000
Senior loan	GBP	GBP 3m Libor + 600bp	2018	£103k per quarter	33,306
Loan from related party	GBP	7%	Not specified	At maturity	73,187
					<u>106,493</u>

Group

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2016 £000
Senior loan	GBP	GBP 3m Libor + 600bp	2018	£103k per quarter	35,492
Loan from related party	GBP	12%	Not specified	At maturity	68,124
					<u>103,616</u>

The senior loan is collateralised by land and buildings owned by the Group. In addition, these facilities restrict any dividend or expenses beyond those incurred in the normal course of trade. The loan from the Group undertaking is unrestricted.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Company

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017 £000
Loan from related party	GBP	7%	Not specified	£103k per quarter	73,187
					<hr/> 73,187

Company

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2016 £000
Loan from related party	GBP	12%	Not specified	£103k per quarter	68,124
					<hr/> 68,124

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

19. Financial Instruments

19 (a) Carrying amount of financial instruments

	Loans and receivables 2017 £000	Fair value - hedging instruments 2017 £000	Other financial liabilities 2017 £000	Total £000
Financial assets measured at amortised cost				
Other debtors	45	-	-	45
Trade debtors	560	-	-	560
Trade amounts due from related parties	1,387	-	-	1,387
Cash and cash equivalents	766	-	-	766
	<u>2,758</u>	<u>-</u>	<u>-</u>	<u>2,758</u>
Financial liabilities measured at fair value				
Interest rate cap used for hedging	-	314	-	314
	<u>-</u>	<u>314</u>	<u>-</u>	<u>314</u>
Financial liabilities measured at amortised cost				
Loans and borrowings (note 18)	-	-	106,493	106,493
Trade creditors	-	-	424	424
Trade amounts due to related parties	-	-	45	45
Other liabilities	-	-	620	620
	<u>-</u>	<u>-</u>	<u>107,582</u>	<u>107,582</u>

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Group

	<i>Loans and receivables</i>	<i>Fair value - hedging instruments</i>	<i>Other financial liabilities</i>	<i>Total</i>
	2016	2016	2016	
	£000	£000	£000	£000
Financial assets measured at amortised cost				
Other debtors	45	-	-	45
Trade debtors	830	-	-	830
Trade amounts due from related parties	1,396	-	-	1,396
Cash and cash equivalents	865	-	-	865
	<u>3,136</u>	<u>-</u>	<u>-</u>	<u>3,136</u>
Financial liabilities measured at fair value				
Interest rate cap used for hedging	-	547	-	547
	<u>-</u>	<u>547</u>	<u>-</u>	<u>547</u>
Financial liabilities measured at amortised cost				
Loans and borrowings (note 18)	-	-	103,616	103,616
Trade creditors	-	-	358	358
Other liabilities	-	-	620	620
	<u>-</u>	<u>-</u>	<u>104,594</u>	<u>104,594</u>

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(b) Financial instruments measured at fair value

Derivative financial instruments

The Group uses an interest rate cap to hedge its interest rate risk. The fair value of the cap option is determined using a market Black Scholes model. The model's key input parameters are market observable swap rates and volatilities.

The interest rate used to discount future cash flows in respect of the premium on interest rate cap is approximately 7% based on the risk free rate observable in the market applicable to each maturity plus the margin of 600 basis points on the senior loan.

19 (c) Hedge accounting

The Group has entered into an interest rate cap with the objective of eliminating the risk of GBP 3 month Libor rate increasing over 1.83%. The hedged item is the excess of the interest payments of the senior loan facility when the GBP 3 month Libor increases above 1.83%. The period being hedged is until 12 December 2018 when both the senior loan and the cap mature.

The interest rate cap has been designated as a hedging instrument and the type of hedge is a cash flow hedge. At the year end, the fair value of the cap is £314k. The change in fair value is recognised in Other Comprehensive Income, which amounts to £232K as the hedge is fully effective. An amount of £259k was recognised in the Profit and Loss in respect of the premium payable over the year.

The following table indicates the periods in which the cash flows associated with cash flow hedging instrument are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models.

Group

	Carrying amount 2017 £000	Expected cash flows £000	1 year or less £000
Derivatives:			
Cap premium payable	314	324	324
	<u>314</u>	<u>324</u>	<u>324</u>

Group

	Carrying amount 2016 £000	Expected cash flows £000	1 year or less £000	1 to 2 years £000
Derivatives:				
Cap premium payable	547	583	259	324
	<u>547</u>	<u>583</u>	<u>259</u>	<u>324</u>

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20. Deferred taxation

Group

	2017 £000	As restated 2016 £000
At beginning of year	21	-
Charged to profit or loss	479	21
At end of year	500	21

At end of year

The provision for deferred taxation is made up as follows:

	Group 2017 £000	Group As restated 2016 £000
Capital gains and losses	490	21
Losses and other deductions	10	-
	500	21

21. Prior year adjustment - reversal of deferred tax liability

The accounts have been restated to incorporate the impact of a reversal of a deferred tax liability that was incorrectly recognised in the accounting period ended 31 December 2014. The change has resulted in an increase in the brought forward profit and loss reserve at 1 January 2016 of £2,676,000.

	£000
Summary of the prior year accounting impact	
Decrease in deferred tax provision	2,676
Prior year adjustment to profit and loss account reserve	2,676

22. Commitments and contingencies

The Group had no commitments or contingencies at the year end.

THAMES QUAY PROPERTIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

23. Related party transactions

The Company has 100% ownership of its three subsidiaries, Thames Quay Properties Limited, Thames Quay Properties II Limited and Thames Quay Properties III Limited.

The Group is related to Lycamobile UK Limited, Lycatel Distribution UK Limited and WWW Holding Company Limited by virtue of a common shareholder. The transactions during the period and the period end balances are presented below.

Group

	Transaction values for the year ended 31 December 2017 £000	Balance outstanding as at 31 December 2017 £000	Transaction values for the year ended 31 December 2016 £000	Balance outstanding as at 31 December 2016 £000
Lycamobile UK Limited	2,150	1,163	2,286	1,060
Lycatel Distribution UK Limited	361	223	375	336
	-	-	-	-
Loan and related interest payable				
WWW Holding Company Limited	4,831	73,187	5,879	68,124

Company

	Transaction values for the year ended 31 December 2017 £000	Balance outstanding as at 31 December 2017 £000	Transaction values for the year ended 31 December 2016 £000	Balance outstanding as at 31 December 2016 £000
Loan and related interest receivable				
Thames Quay Properties III Limited	4,831	73,187	5,879	68,124
Loan and interest payable				
WWW Holding Company Limited	4,831	73,187	5,879	68,032
Lycamobile UK Limited	-	-	-	86
Lycatel Distribution UK Limited	-	-	-	6

24. Ultimate parent company and parent company of larger group

The ultimate controlling party is Mr A Subaskaran who owns 98% of the issued share capital of Thames Quay Properties Holdings Limited, the ultimate parent entity of the Group. The Company has three subsidiaries, Thames Quay Properties III Limited, Thames Quay Properties Limited and Thames Quay Properties II Limited of which the Company has full ownership.