COMPANY REGISTRATION NUMBER: 09209410

Stadium Retail Group Limited

Consolidated financial statements

31st December 2015

Stadium Retail Group Limited

Financial statements

year ended 31st December 2015

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Stadium Retail Group Limited

Officers and professional advisers

The board of directors	A S Fish A M Clare P D Healey
Registered office	Welton Grange Welton Brough HU15 1NB
Auditor	Sagars Accountants Ltd Chartered accountant & statutory auditor Gresham House 5-7 St Paul's Street Leeds LS1 2JG

Stadium Retail Group Limited

Strategic report

year ended 31st December 2015

The directors present their strategic report for the year ended 31 December 2015.

Principal activities and review of the business

The principal activities of the company and group are property investment and the management of retail and leisure facilities.

On 25th November 2014 the company acquired 86.86% of the entire issued share capital of SRH 2011 Limited through the issue of 10 ordinary shares of 1 pence each to the existing shareholder. The resulting group has been consolidated using the merger method of accounting for business combinations, with the results of the group being presented in the following report and accounts as though the group had always existed.

The group has adopted the provisions of FRS102 in presenting the following report and accounts. This has had a material effect on the results of the group as movements in the market value of the group's investment properties which were previously shown as movements in a revaluation reserve, are now shown as a movement through the profit and loss account. In addition the group has significant potential liabilities associated with certain interest rate hedging contracts which were previously shown as a disclosure in the notes to the accounts only.

Under FRS 102 this liability is now shown as a provision on the balance sheet with movements in the provision again being shown through the profit and loss account. The comparative figures in the profit and loss account and the balance sheet have been restated to reflect the adoption of FRS 102 and have had the effect of increasing the group loss after tax for the year ended 31 December 2014 by £17.57m and reducing the net assets of the group as at 31 December 2014 by £42.02m.

In December 2014 the group acquired 11.52% of the issued share capital of SPH 2011 Limited through the issue of 277,144 ordinary shares of 1 pence each. In March 2015 these shares were bought back by SPH 2011 Limited for a consideration of £48.14m paid in cash, which was used by the group to repay bank debt and redeem the group's preference shares.

Turnover largely comprises rent and service charge income from the group's portfolio of retail properties. Group turnover fell from £12.89m in 2014 to £7.61m for the year ended 31st December 2015, which was largely due to the disposal during 2014 of the group's investment in Parc Trostre Retail Park in Llanelli, South Wales. This property accounted for £4.4m of group turnover in 2014 in relation to the period up to the date of disposal.

Administrative expenses has moved from a credit of £3.81m in 2014 to a cost of £5.99m in 2015 largely due to £4.07m of goodwill amortisation in 2015 and an increase in the valuation of the group's investment properties of £4.09m in the prior year, recognised in the profit and loss account under FRS 102.

Interest payable has increased from £39.48m in 2014 to £57.58m in 2015 due to an increase in the swap liability in relation to the group's hedging contracts and also the release of the OCI reserve through the profit and loss account in 2015. This release was required under FRS 102 following the full repayment of the group's remaining bank debt in March 2015. This effect was partly offset by a reduction in the group's overall interest burden following the repayment of the bank debt and also the redemption of the group's preference shares during the year.

As a result of the above the group loss increased from £24.03m (as restated) in 2014 to £46.00m in 2015.

Position of the company's and group's business at the end of the year

With regard to the balance sheet there are two main key performance indicators, firstly the valuation performance of the group's retail property portfolio and secondly the ability of the business to generate cash in the year.

In April 2015 the group acquired the entire issued share capital of Stadium Prestatyn (South) Limited which owned a retail development site with a gross development value in the region of £10m, adjacent to the group's existing retail park in Prestatyn, North Wales. Following the acquisition the group was able to complete the development and integrate the new retail units into the existing Prestatyn retail park to create one, larger retail park. Including the acquisition, the group's investment property portfolio increased from £153.99m as at 31 December 2014 to £154.76m as at the current balance sheet date. Therefore it can be seen that there has been a decline in the value of the group's existing investment properties (ie excluding the acquisition), due to a general stagnation in the retail property investment market. However the directors are confident that the market will improve in the future, particularly given the continuing low interest rate environment and the removal of the uncertainties surrounding the upcoming EU Referendum.

With regard to the ability of the business to generate cash, in the year to 31 December 2015 the group saw a net cash inflow of £1.09m.

Finally, during the year the group acquired all of the minority interests in the group, such that as at 31 December 2015 the group owns and controls 100% of the group's various subsidiary undertakings.

As a result the directors are satisfied with the future prospects of the group.

Principal risks and uncertainties facing the business

The principal risks to the group relate to fluctuations in yields of retail property investments arising from macro economic factors. The group endeavours to mitigate these risks as far as possible through the careful selection of location and tenant mix with regard to its retail park portfolio.

The risks associated with the fluctuation of interest rates, which impact the valuation of the group's interest rate swap liabilities, are mitigated by a constant review of the long term interest rate market and its effect on the valuation of the interest rate swaps, and the employment of specialist treasury consultants to advise on future strategies.

This report was approved by the board of directors on 8th June 2016 and signed on behalf of the board by:

A S Fish
Director

The directors present their report and the financial statements of the group for the year ended 31st December 2015.

Incorporation

The company was incorporated on 9th September 2014 and commenced trading on 4th November 2014.

On 25th November 2014 the company acquired 86.86% of the entire issued share capital of SRH 2011 Limited through the issue of 10 ordinary shares of 1 pence each to the existing shareholder.

The resulting group has been consolidated using the merger method of accounting for business combinations, with the results of the group being presented in the following report and accounts as though the group had always existed.

Directors

The directors who served the company during the year were as follows:

A S Fish
A M Clare
P D Healey

Dividends

The directors do not recommend the payment of a dividend.

Future developments

The directors aim to maintain the management policies for the group including continuing to monitor rental yield and occupancy ratios on the investment properties. The directors are satisfied with the future prospects of the group.

Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 group and the company and the profit or loss of the group 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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and

- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 8th June 2016 and signed on behalf of the board by:

A S Fish
Director

Independent auditor's report to the shareholders of Stadium Retail Group Limited

year ended 31st December 2015

We have audited the financial statements of Stadium Retail Group Limited for the year ended 31st December 2015 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 31st December 2015 and of the group's loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report to the shareholders of Stadium Retail Group Limited
(continued)

year ended 31st December 2015

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Kevin Hoult BA, FCA (Senior Statutory Auditor)

For and on behalf of
Sagars Accountants Ltd
Chartered accountant & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

8 JUNE 2016.

Stadium Retail Group Limited

Consolidated statement of comprehensive income

year ended 31st December 2015

	Note	2015 £	2014 £
Turnover	4	**7,614,084**	12,897,334
Cost of sales		**(1,271,669)**	(1,566,130)
Gross profit		**6,342,415**	11,331,204
Administrative expenses		**(5,989,057)**	3,814,645
Operating profit	5	**353,358**	15,145,849
Other interest receivable and similar income	7	**434,194**	304,506
Interest payable and similar charges	8	**(57,579,257)**	(39,476,833)
Loss on ordinary activities before taxation		**(56,791,705)**	(24,026,478)
Tax on loss on ordinary activities	9	**10,788,544**	–
Loss for the financial year		**(46,003,161)**	(24,026,478)
Fair value movements on cash flow hedging instruments		**–**	(6,911,392)
Reclassification from hedging reserve to profit and loss account		**46,324,925**	–
Acquisition of joint ownership equity interests		**(7,341,298)**	–
Transfer of minority interest reserve following acquisition		**1,253,125**	–
Other comprehensive income for the year		**40,236,752**	(6,911,392)
Total comprehensive income for the year		**(5,766,409)**	(30,937,869)
Loss for the financial year attributable to:			
The owners of the parent company		**(43,350,693)**	(19,575,486)
Minority interests		**(2,652,468)**	(4,450,992)
		(46,003,161)	(24,026,478)
Total comprehensive income for the year attributable to:			
The owners of the parent company		**(4,367,066)**	(25,202,654)
Minority interests		**(1,399,343)**	(5,735,215)
		(5,766,409)	(30,937,869)

All the activities of the group are from continuing operations.

The notes on pages 14 to 31 form part of these financial statements.

Stadium Retail Group Limited

Consolidated statement of financial position

31st December 2015

	Note		2015 £		2014 £
Fixed assets					
Tangible assets	12		**154,765,000**		154,771,550
Investments	13		–		48,381,270
			154,765,000		203,152,820
Current assets					
Debtors: due within one year	14	**5,719,558**		4,869,293	
Debtors: due after more than one year	14	**4,569,636**		3,358,625	
Cash at bank and in hand		**34,060,802**		32,974,754	
		44,349,996		41,202,672	
Creditors: amounts falling due within one year	15	**(81,403,710)**		(61,435,538)	
Net current liabilities			**(37,053,714)**		(20,232,866)
Total assets less current liabilities			**117,711,286**		182,919,954
Creditors: amounts falling due after more than one year	16		**(1,537,200)**		(51,396,736)
Provisions	18		**(56,688,513)**		(66,271,236)
Net assets			**59,485,573**		65,251,982
Capital and reserves					
Called up share capital	20		**3,772**		3,772
Share premium account	21		**67,137,055**		67,137,055
Reserve for own shares	21		**(7,341,298)**		–
Other reserves	21		**23,226,799**		(17,453,512)
Profit and loss account	21		**(23,540,755)**		14,165,324
Equity attributable to the owners of the parent company			**59,485,573**		63,852,639
Minority interests			–		1,399,343
			59,485,573		65,251,982

These financial statements were approved by the board of directors and authorised for issue on 8th June 2016, and are signed on behalf of the board by:

A S Fish
Director

Company registration number: 09209410

The notes on pages 14 to 31 form part of these financial statements.

Stadium Retail Group Limited

Company statement of financial position

31st December 2015

	Note		2015 £		2014 £
Fixed assets					
Investments	13		18,999,273		67,380,543
Current assets					
Debtors: due within one year	14	125,732,121		1,000	
Creditors: amounts falling due within one year	15	(73,877,238)		(240,716)	
Net current assets/(liabilities)			51,854,883		(239,716)
Total assets less current liabilities			70,854,156		67,140,827
Capital and reserves					
Called up share capital	20		3,772		3,772
Share premium account	21		67,137,056		67,137,055
Profit and loss account	21		3,713,328		–
Shareholders funds			70,854,156		67,140,827

These financial statements were approved by the board of directors and authorised for issue on 8th June 2016, and are signed on behalf of the board by:

A S Fish
Director

Company registration number: 09209410

The notes on pages 14 to 31 form part of these financial statements.

Stadium Retail Group Limited

Consolidated statement of changes in equity

year ended 31st December 2015

	Called up share capital £	Share premium account £	Reserve for own shares £	Other reserves £	Profit and loss account £	**Equity attributable to the owners of the parent company £**	Minority interests £	**Total £**
At 1st January 2014	3,771	18,996,502	–	(11,826,344)	33,740,810	40,914,739	7,134,558	48,049,297
Loss for the year					(19,575,486)	(19,575,486)	(4,450,991)	(24,026,477)
Other comprehensive income for the year:								
Fair value movements on cash flow hedging instruments	–	–	–	(5,627,168)	–	(5,627,168)	(1,284,224)	(6,911,392)
Total comprehensive income for the year	–	–	–	(5,627,168)	(19,575,486)	(25,202,654)	(5,735,215)	(30,937,869)
Issue of shares	1	48,140,553	–	–	–	48,140,554	–	48,140,554
Total investments by and distributions to owners	1	48,140,553	–	–	–	48,140,554	–	48,140,554
At 31st December 2014	3,772	67,137,055	–	(17,453,512)	14,165,324	63,852,639	1,399,343	**65,251,982**
Loss for the year					(43,350,693)	(43,350,693)	(2,652,468)	**(46,003,161)**
Other comprehensive income for the year:								
Reclassification from hedging reserve to profit and loss account	–	–	–	46,324,925	–	46,324,925	–	**46,324,925**
Minority interest on hedging reserve transfer	–	–	–	(5,644,614)	5,644,614	–	–	**–**
Acquisition of joint ownership equity interests	–	–	(7,341,298)	–	–	(7,341,298)	–	**(7,341,298)**
Transfer of minority interest reserve following acquisition	–	–	–	–	–	–	1,253,125	**1,253,125**
Total comprehensive income for the year	–	–	(7,341,298)	40,680,311	(37,706,079)	(4,367,066)	(1,399,343)	**(5,766,409)**
At 31st December 2015	3,772	67,137,055	(7,341,298)	23,226,799	(23,540,755)	59,485,573	–	**59,485,573**

The notes on pages 14 to 31 form part of these financial statements.

Stadium Retail Group Limited

Company statement of changes in equity

year ended 31st December 2015

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1st January 2014	–	–	–	–
Profit for the year			–	–
Issue of shares	3,772	67,137,055	–	67,140,827
Total investments by and distributions to owners	3,772	67,137,055	–	67,140,827
At 31st December 2014	3,772	–	–	**3,772**
Profit for the year			3,713,328	**3,713,328**
Total comprehensive income for the year	–	–	3,713,328	**3,713,328**
Issue of shares	–	67,137,056	–	**67,137,056**
Total investments by and distributions to owners	–	67,137,056	–	**67,137,056**
At 31st December 2015	3,772	67,137,056	3,713,328	**70,854,156**

The notes on pages 14 to 31 form part of these financial statements.

Stadium Retail Group Limited

Consolidated statement of cash flows

year ended 31st December 2015

	2015 £	2014 £
Cash flows from operating activities		
Loss for the financial year	**(46,003,161)**	(24,026,478)
Adjustments for:		
Depreciation of tangible assets	**1,036**	14,000
Amortisation of intangible assets	**4,075,651**	–
Fair value adjustment of investment property	**11,150,248**	(4,094,048)
Other interest receivable and similar income	**(434,194)**	(304,506)
Interest payable and similar charges	**57,579,257**	39,476,833
Gains on disposal of tangible assets	**(194,877)**	(3,512,862)
Loss on disposal of other investments	**240,705**	–
Tax on loss on ordinary activities	**(10,788,544)**	–
Changes in:		
Trade and other debtors	**(10,552,465)**	7,555,518
Trade and other creditors	**303,469**	(3,021,733)
Cash generated from operations	**5,377,125**	12,086,724
Interest paid	**(19,713,648)**	(9,643,423)
Interest received	**639,581**	230,697
Net cash (used in)/from operating activities	**(13,696,942)**	2,673,998
Cash flows from investing activities		
Purchase of tangible assets	**(4,821,089)**	(2,175,783)
Proceeds from sale of tangible assets	**474,793**	154,845,937
Acquisition of subsidiaries	**(2,637,023)**	–
Purchases of other investments	**–**	(240,716)
Proceeds from sale of other investments	**48,140,565**	–
Consideration on purchase of minority interests	**(2,822,526)**	–
Net cash from investing activities	**38,334,720**	152,429,438
Cash flows from financing activities		
Purchase of shares classed as financial liabilities	**(50,000,000)**	–
Repayments of borrowings	**(20,027,965)**	(153,102,646)
Proceeds from loans from related companies	**46,476,235**	3,860,337
Net cash used in financing activities	**(23,551,730)**	(149,242,309)
Net increase in cash and cash equivalents	**1,086,048**	5,861,127
Cash and cash equivalents at beginning of year	**32,974,754**	27,113,627
Cash and cash equivalents at end of year	**34,060,802**	32,974,754

The notes on pages 14 to 31 form part of these financial statements.

1. **Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. **Company information**

The principal activity of the company and group during the year was that of property investment.

The company is a private limited company which is incorporated and registered in England (no. 09209410). The address of the registered office is:

Welton Grange
Welton
Brough
East Yorkshire
HU15 1NB

3. **Accounting policies**

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the Group has sufficient resources to enable it to continue operating and to meet its liabilities as they fall due for the foreseeable future.

Following the refinancing of the banking facility in April 2015 and with the support of the related company, SPH 2011 Limited, there are adequate resources and sufficient funds to support the Group for the foreseeable future and meet its liabilities as and when they fall due for a period of at least twelve months from the date of approval of these financial statements.

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st January 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 25.

Disclosure exemptions

The parent company is not taking advantage of any FRS 102 disclosure exemptions.

3. Accounting policies *(continued)*

Consolidation

The financial statements consolidate the financial statements of the parent company and all of its subsidiary undertakings.

On 25 November 2014 the company acquired 86.86% of the share capital of SRH 2011 Limited as part of a group reconstruction. The accounts have been consolidated using the merger method of accounting for business combinations. The results of the group have been consolidated as though the group always existed.

SRH 2011 Limited has the same registered office address as Stadium Retail Group Limited and the controlling party before and after the merger was P D Healey.

The results of subsidiaries acquired or disposed of by the group during the year are included from or to the date that control passes using acquisition accounting.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

Minority interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Revenue recognition

Turnover comprises the value of rentals received by the group exclusive of VAT. Turnover is recognised on an accruals basis. All of the group's turnover arose in the United Kingdom from the group's principal activity.

The aggregate cost of lease incentives are recognised as a reduction in the income recognised over the lease term on a straight line basis.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

3. Accounting policies *(continued)*

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where: - the group is able to control the reversal of the timing difference; and - it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised. Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if: - the group has a legally enforceable right to set off current tax assets against current tax liabilities, and - the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	100% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property, it shall be transferred to tangible assets and treated as such until it is expected that fair value will be reliably measurable on an on-going basis.

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

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold buildings	-	2% straight line

3. **Accounting policies** *(continued)*

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

3. Accounting policies ***(continued)***

Financial instruments ***(continued)***

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Acquisition of subsidiary company

Business combinations are accounted for using the purchase method.

The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

Where control is achieved in stages, the cost of the business combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity instruments issued at the date of each transaction in the series.

Where the business combination requires an adjustment to the cost contingent on future events, the estimated amount of that adjustment is included in the cost of the combination at the acquisition date providing it is probable and can be measured reliably. Where it is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration is treated as an adjustment to the cost of the combination.

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.

Restricted cash

Restricted cash represents cash held on deposit in accordance with the Group's financing facilities which the group has no access to until the expiry of the facilities.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. Accounting policies *(continued)*

Hedging

Hedge accounting is used where the hedging relationship is designated, documented and expected to be highly effective, and is only used for specific risks, as defined by FRS 102 section 12.

Where the hedged risk is the exposure to a fixed interest rate risk or foreign exchange risk of a debt instrument measured at amortised cost or the price risk of a commodity that it holds or has a firm commitment, the hedging instrument is recognised as an asset or liability with the change in fair value being recognised in profit or loss. The change in fair value of the hedged item related to the hedged risk is recognised in profit or loss and as an adjustment to the carrying amount of the hedged item.

Where the hedged risk is the variable interest rate risk or foreign exchange risk in a debt instrument measured at amortised cost, the foreign exchange risk or interest rate risk in a firm commitment or highly probably forecast transaction, the commodity price risk in a highly probable forecast transaction or the foreign exchange risk in a net investment in a foreign operation, then the financial instrument is initially and subsequently recognised at fair value at each reporting date. Movements in fair value are recognised in other comprehensive income, to the extent that the hedge is effective. Any ineffective movements are recognised in profit or loss.

Where the hedged risk is the variable or fixed interest rate risk of a debt instrument measured at amortised cost, the periodic net cash settlements on the interest rate swap are recognised in profit or loss in the period in which the net settlements accrue.

Hedge accounting is discontinued where the hedging instrument expires, is sold or terminated, the hedge no longer meets the criteria for hedge accounting, the forecast transaction is no longer highly probable in a hedge of a forecast transaction, or the designation is revoked.

4. Turnover

Turnover arises from:

	2015	2014
	£	£
Rent received	**8,578,579**	14,037,471
Service charge received	**486,950**	827,940
Insurance received	**95,965**	91,023
Car park income	**53,570**	36,197
Amortisation of lease incentives	**(1,600,980)**	(2,095,297)
	7,614,084	12,897,334

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2015	2014
	£	£
Amortisation of intangible assets	**4,075,651**	–
Depreciation of tangible assets	**1,036**	14,000
Gains on disposal of tangible assets	**(194,877)**	(3,512,862)
Loss on disposal of other investments	**240,705**	–

5. Operating profit *(continued)*

Auditor Remuneration for the period was £36,000 (2014 - £28,000), the invoice has been raised to a connected company. Of the total auditor remuneration £7,000 (2014 - £4,000) was for the audit of the company's financial statements.

6. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2015	2014
	No	No
Management staff	4	5

The aggregate payroll costs incurred during the year, relating to the above, were:

	2015	2014
	£	£
Social security costs	(34,428)	–

The directors are also directors of a company under common control. The directors, who are the key management personnel, received remuneration for the year of £218,206 (2014 - £144,041) in relation of qualifying services as director of this company, all of which was paid by Stadium Welton Limited, which is a company under common control.

The company has no employees other than the directors.

7. Other interest receivable and similar income

	2015	2014
	£	£
Interest on cash and cash equivalents	339,977	300,660
Interest from related parties	55,873	2,719
Other interest received	38,344	1,127
	434,194	304,506

8. Interest payable and similar charges

	2015	2014
	£	£
Interest on banks loans and overdrafts	7,481,995	11,552,530
Dividends paid on shares classed as debt	424,110	6,566,596
Interest on amounts due to participating interests	2,142,406	1,411,396
Swap provision	47,530,746	19,946,311
	57,579,257	39,476,833

9. Tax on loss on ordinary activities

Major components of tax income

	2015	2014
	£	£

9. Tax on loss on ordinary activities ***(continued)***

	2015 £	2014 £
Deferred tax:		
Origination and reversal of timing differences	**(10,788,544)**	–
Tax on loss on ordinary activities	**(10,788,544)**	–

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%).

	2015 £	2014 £
Loss on ordinary activities before taxation	**(56,791,705)**	(24,026,478)
Loss on ordinary activities by rate of tax	**(11,500,320)**	(5,165,693)
Effect of expenses not deductible for tax purposes	**1,109,955**	4,614,163
Utilisation of tax losses	–	551,530
Tax losses not recognised	**(1,507,111)**	–
Deferred tax rate change	**1,142,829**	–
Capital gains - effects of indexation	**(33,897)**	–
Tax on loss on ordinary activities	**(10,788,544)**	–

10. Profit for the year of the parent company

The profit for the financial year of the parent company was £3,713,328 (2014: £Nil).

11. Intangible assets

The group has no intangible assets.

The company has no intangible assets.

The group acquired goodwill relating to the minority interests of £4,075,651 in the year. This has been fully amortised in the year and therefore the group had no intangible assets at the year end.

12. Tangible assets

Group	Investment properties £	Land and buildings £	Total £
Cost			
At 1st January 2015	153,995,000	832,550	**154,827,550**
Additions	11,920,248	–	**11,920,248**
Disposals	–	(832,550)	**(832,550)**
Revaluations	(11,150,248)	–	**(11,150,248)**
At 31st December 2015	154,765,000	–	**154,765,000**
Depreciation			
At 1st January 2015	–	56,000	**56,000**
Charge for the year	–	1,036	**1,036**
Disposals	–	(57,036)	**(57,036)**
At 31st December 2015	–	–	–
Carrying amount			
At 31st December 2015	154,765,000	–	**154,765,000**
At 31st December 2014	153,995,000	776,550	154,771,550

The company has no tangible assets.

The group's investment properties were valued by the directors, based on a valuation by an independent valuer, as at 31 December 2015 at £154,765,000 on an open market basis.

The historic cost of investment properties stated at valuation as at 31 December 2015 is £214,621,663 (2014 £202,701,415).

13. Investments

Group	Other investments other than loans £
Cost	
At 1st January 2015	**48,381,270**
Disposals	**(48,381,270)**
At 31st December 2015	–
Impairment	
At 1 Jan 2015 and 31 Dec 2015	–
Carrying amount	
At 31st December 2015	–
At 31st December 2014	48,381,270

13. Investments *(continued)*

Company

	Shares in group undertakings £	Other investments other than loans £	**Total £**
Cost			
At 1st January 2015	–	48,381,270	**48,381,270**
Additions	18,999,273	–	**18,999,273**
Disposals	–	(48,381,270)	**(48,381,270)**
At 31st December 2015	18,999,273	–	**18,999,273**
Impairment			
At 1 Jan 2015 and 31 Dec 2015	–	–	–
Carrying amount			
At 31st December 2015	18,999,273	–	**18,999,273**
At 31st December 2014	–	48,381,270	48,381,270

Subsidiaries, associates and other investments

13. Investments *(continued)*

The company holds 100% of the nominal value of any class of share capital of the following subsidiary undertakings, all of which are incorporated in England and Wales.

SRH 2011 Limited - Intermediate parent undertaking

Stadium Retail (Holdings) Limited****** - Intermediate parent undertaking

Stadium Retail Investments (2002) Limited** - Parent undertaking

Stadium Retail Investments (2003) Limited** - Property investment

Stadium Retail Investments (2004) Limited** - Parent undertaking

Stadium Developments Limited** - Property developments

Inhoco 3166 Limited** - Non trading

Inhoco 3167 Limited** - Non trading

Kingston Upon Hull Retail Park Limited*** - Property investment

Llandudno Retail Park Limited**** - Property investment

Stadium (Prestatyn) Limited** - Property investment

Vier Developments Limited* - Property development

Stadium Prestatyn (South) Limited***** - Property investment

* Investment held indirectly through Inhoco 3166 Limited

** Investment held indirectly through Stadium Retail (Holdings) Limited

*** Investment held indirectly through Stadium Retail Investments (2002) Limited

**** Investment held indirectly through Stadium Retail Investments (2004) Limited

***** Investment held indirectly through Stadium (Prestatyn) Limited

****** Investment held indirectly through SRH 2011 Limited

14. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Trade debtors	**991**	4,848	**–**	–
Amounts owed by group undertakings	**–**	–	**125,731,121**	–
Prepayments and accrued income	**2,765,736**	3,791,735	**–**	–
Amounts due from related undertakings	**–**	1,010,767	**–**	–
Other debtors	**2,952,831**	61,943	**1,000**	1,000
	5,719,558	4,869,293	**125,732,121**	1,000

14. Debtors *(continued)*

Debtors falling due after one year are as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Prepayments and accrued income	**3,438,298**	3,310,278	–	–
Amounts due from related undertakings	**1,131,338**	48,347	–	–
	4,569,636	3,358,625	–	–

15. Creditors: amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade creditors	**25,234**	44,343	–	–
Amounts owed to related companies	**73,877,238**	26,840,516	**73,877,238**	–
Accruals and deferred income	**3,488,269**	13,753,955	–	–
Social security and other taxes	**592,222**	523,830	–	–
Shares classed as financial liabilities	–	20,000,000	–	–
Director loan accounts	**2,095,072**	–	–	–
Other creditors	**1,325,675**	272,894	–	240,716
	81,403,710	61,435,538	**73,877,238**	240,716

16. Creditors: amounts falling due after more than one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans and overdrafts	–	20,023,162	–	–
Accruals and deferred income	**163,625**	–	–	–
Shares classed as financial liabilities	–	30,000,000	–	–
Other creditors	**1,373,575**	1,373,574	–	–
	1,537,200	51,396,736	–	–

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Included in provisions (note 18)	**(10,788,544)**	–	–	–

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Deferred tax - tax losses carried forward relating to swap liability	**(10,788,544)**	–	–	–

18. Provisions

Group	Deferred tax (note 17) £	Provision for swap liability £	Total £
At 1st January 2015	–	66,271,236	**66,271,236**
Additions	(10,788,544)	1,205,821	**(9,582,723)**
At 31st December 2015	(10,788,544)	67,477,057	**56,688,513**

The company does not have any provisions.

19. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2015 £	2014 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**38,144,971**	34,100,659
Financial liabilities		
Financial liabilities measured at amortised cost	**82,940,910**	112,832,274

The group has several interest rate swap agreements which were put in place to hedge the impact of interest rate movements for the group. Following the repayment of the remaining bank loans in April 2015 the swap agreements no longer met the criteria for hedge accounting and therefore all fair value movements in the provision will be recognised in profit or loss as appropriate. Details of the the fair value of the liability on the outstanding agreements is included in the provisions note.

20. Called up share capital

Issued, called up and fully paid

	2015		2014	
	No	**£**	No	£
Amounts presented in equity:				
Ordinary shares of £0.01 each	**377,154**	**3,772**	377,154	3,772
Amounts presented in liabilities:				
Preference shares of £1 each	–	–	50,000,000	50,000,000

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

20. Called up share capital *(continued)*

On incorporation 1 ordinary shares of £1 was issued at par for cash consideration.

On 5th November 2014, the ordinary share was subdivided into 100 £0.01 shares. On the same day a further 99,900 ordinary £0.01 shares were issued at par for cash consideration.

On 25th November 2014 10 ordinary shares of £0.01 were issued at a premium of £1,899,926.23 each in exchange for 8,686 shares in SRH 2011 Limited.

On 16th December 2014 a further 277,144 £0.01 ordinary shares were issued at a premium of £173.70 each in exchange for 286,461 shares in SPH 2011 Limited.

21. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs. Details of share issues in the period are included in the share capital note to the accounts.

Reserve for own shares - This reserve records the value paid for interests in shares which have not been cancelled. During the year the company acquired the interests of various shares held under JOE Agreements for an amount of £7,341,298 being the balance at 31 December 2015.

Hedging reserve - This reserve records fair value movements on cash flow and net investment hedging instruments. The debit balance brought forward of £40,680,311 was reclassified during the year when the hedge to which it related were deemed to be ineffective. The balance is included in "Other reserves".

Merger reserve - The balance of £23,226,799 reflects the difference on other reserves created on the merger method of accounting adopted on the business combination of Stadium Retail Group Limited and SRH 2011 Limited. The balance is included in "Other reserves".

Profit and loss account - This reserve records retained earnings and accumulated losses.

Within the profit and loss reserve is a surplus of £10,957,838 (2014: £22,108,086) which relates to the cumulative annual fair value adjustments to investment properties and related deferred tax. Where these adjustments are positive, in total, they are an undistributable element of the reserve.

22. Acquisition of subsidiary company

Acquisition of Stadium Prestatyn (South) Limited

On 7 April 2015 the group acquired 100% of the issued share capital of Stadium Prestatyn (South) Limited.

The fair value of consideration paid in relation to the acquisition of Stadium Prestatyn (South) Limited is as follows:

	£
Cash	3,211,089
Deferred consideration	1,323,672
	4,534,761

22. Acquisition of subsidiary company *(continued)*

The fair value of amounts recognised at the acquisition date in relation to Stadium Prestatyn (South) Limited are as follows:

	Book value	Adjustments	Fair value
	£	£	£
Tangible assets acquired	4,222,493	2,876,666	**7,099,159**
Trade debtors acquired	17,496	–	**17,496**
Other debtors acquired	276,050	(276,050)	–
Cash and cash equivalents acquired	78,468	–	**78,468**
Other creditors assumed	(560,487)	–	**(560,487)**
Directors' loans	(2,099,875)	–	**(2,099,875)**
	1,934,145	2,600,616	**4,534,761**

23. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

	Advances/ (credits) to the directors		Amounts repaid		Balance outstanding	
	2015	2014	**2015**	2014	**2015**	2014
	£	£	**£**	£	**£**	£
P D Healey	**(2,095,072)**	–	**–**	–	**(2,095,072)**	–

At the year end, PD Healey, a director, was owed £2,095,072 (2014 - £nil) by a group company. The loan was interest free.

24. Related party transactions

Company

The company has taken advantage of the exemption in FRS102 Section 33 "Related party disclosures" from disclosing transactions with other members of the group headed by Stadium Retail Group Limited.

The group, in the normal course of business, received loans from and extends loans to, other entities controlled by E D Healey and P D Healey. The amounts outstanding to such companies at 31 December 2015 are as follows:

Debtors:

	2015	2014
	£	£
Stadium Investments (2006) Limited *	**2,647**	48,347
Stadium Welton Limited ****	–	1,497
Stadium (Catcliffe) Limited**	–	1,009,260
Stadium Parkgate (Holdings) Limited **	**1,128,691**	–
	1,131,338	1,059,104

Creditors:

	2015	2014
	£	£
Stadium Investments (2006) Limited ***	–	(295,700)
Stadium Parkgate (Holdings) Limited *****	**(73,877,238)**	(26,544,816)
	(73,877,238)	(26,840,516)

* These loans attract interest at 2% over base quarterly and have no fixed repayment terms.

** These loans are interest free and have no fixed repayment terms.

*** These loans attract interest at 6% annually and have no fixed repayment terms.

**** These loans attract interest at 2% over base annually and have no fixed repayment terms.

***** These loans attract interest at 3% over base quarterly and have no fixed repayment terms.

During the year interest was received/(charged) as follows:

	2015	2014
	£	£
Stadium Welton Limited	–	36
Stadium Investments (2006) Limited	–	(1,448)
Stadium Parkgate (Holdings) Limited	**(437,883)**	(1,407,265)
	(437,883)	(1,408,677)

In addition on 26 March 2015 the group received a loan of £71,315,366 from SPH 2011 Limited, a company controlled by E D Healey and P D Healey. The maximum amount of loan during the year was £73,749,944 and on 10 December 2015 the loan was assigned from SPH 2011 Limited to Stadium Parkgate (Holdings) Limited. The loan attracted interest at 3% per annum payable quarterly and had no fixed repayment date and during the year the group was charged total interest of £1,545,538 on the loan.

At 31 December 2012 the Stadium Retail (Holdings) Employee Benefit Trust agreed to purchase shares from P D Healey, a director of the company. As a result it owes £1,373,575 to P D Healey as at 31 December 2015 (2014 - £1,373,575). This amount is interest free and has no fixed repayment date.

During the year the group disposed of a property to A S Fish, a director of the company, for a consideration of £803,000 to be paid in two tranches, the first immediately and the balance of £433,405 to be paid in April 2015. The first tranche was satisfied by a disposal to the group of a Joint Ownership of Equity interest held by A S Fish in the shares of Stadium Retail (Holdings) Limited, a wholly owned subsidiary of the group.

In April 2015 the group advanced a loan of £947,119 (2014 - £12) to A S Fish and the maximum amount loaned during the year was £979,162 which was fully repaid in April 2015. No interest was charged in the loan.

In April 2015 the group acquired 411 ordinary shares in Stadium Prestatyn (South) Limited from A S Fish for a total consideration of £2,107,403, satisfied partly by cash of £1,429,511 with the balance of £677,892 outstanding at the year end. At the same time the group also acquired 11 ordinary shares in Stadium Prestatyn (South) Limited from H D Fish, the spouse of A S Fish, for a total consideration of £56,403, satisfied partly by cash of £43,690 with the balance of £12,713 outstanding at the year end. No interest is charge on the amounts outstanding which are all due to be repaid on 28 January 2017 with the exception of £90,898 due to A S Fish which was repaid on 29 January 2016.

In April 2015 the group acquired 111 ordinary shares in Stadium Prestatyn (South) Limited from A J Standish for a total consideration of £455,322, satisfied partly by cash of £330,912 with the balance of £124,410 outstanding at the year end. At the same time the group also acquired 11 ordinary shares in Stadium Prestatyn (South) Limited from P Standish, the spouse of A J Standish, for a total consideration of £45,122, satisfied partly by cash of £35,568 with the balance of £9,554 outstanding at the year end. No interest is charge on the amounts outstanding which are all due to be repaid on 28 January 2017.

In April 2015 the group acquired 22 ordinary shares in Stadium Prestatyn (South) Limited from A M Clare, a director of the company, for a total consideration of £90,244, satisfied partly by cash of £68,056 with the balance of £22,188 outstanding at the year end. At the same time the group also acquired 11 ordinary shares in Stadium Prestatyn (South) Limited from C A Clare, the spouse of A M Clare, for a total consideration of £45,122, satisfied partly by cash of £35,568 with the balance of £9,554 outstanding at the year end. No interest is charge on the amounts outstanding which are all due to be repaid on 28 January 2017.

25. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1st January 2014.

Reconciliation of equity

Group	**1st January 2014**			**31st December 2014**		
	As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£	£	£	£
Fixed assets	300,996,210	–	300,996,210	203,152,820	–	203,152,820
Current assets	46,116,899	–	46,116,899	41,202,672	–	41,202,672
Creditors: amounts falling due within one year	(30,937,315)	–	(30,937,315)	(61,435,538)	–	(61,435,538)
Net current liabilities	15,179,584	–	15,179,584	(20,232,866)	–	(20,232,866)
Total assets less current liabilities	316,175,794	–	316,175,794	182,919,954	–	182,919,954
Creditors: amounts falling due after more than one year	(228,712,965)	–	(228,712,965)	(51,396,736)	–	(51,396,736)
Provisions	(25,976,852)	(13,436,680)	(39,413,532)	(24,254,630)	(42,016,606)	(66,271,236)
Net assets	61,485,977	(13,436,680)	48,049,297	107,268,588	(42,016,606)	65,251,982
Capital and reserves	61,485,977	(13,436,680)	48,049,297	107,268,588	(42,016,606)	65,251,982

25. Transition to FRS 102 ***(continued)***

Reconciliation of equity

No transitional adjustments were required for the company.

Reconciliation of profit or loss for the year

	Year ended 31st December 2014		
	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£
Turnover	12,897,334	–	12,897,334
Cost of sales	(1,566,130)	–	(1,566,130)
Gross profit	11,331,204	–	11,331,204
Administrative expenses	(279,403)	4,094,048	3,814,645
Operating profit	11,051,801	4,094,048	15,145,849
Other interest receivable and similar income	304,506	–	304,506
Interest payable and similar charges	(17,808,300)	(21,668,533)	(39,476,833)
Loss for the financial year	(6,451,993)	(17,574,485)	(24,026,478)

Prior to the adoption of FRS102 the company was required to recognise movements in the value of the investment property through the revaluation reserve and the statement of total recognised gains and losses. Under FRS102 movements on the fair value of investment properties are required to be recognised through the income statement. There has therefore been an increase in the profit and loss recognised for the comparative period by £4,094,048 as a result of the adjustment.

FRS102 no longer requires these movements in valuation to be recognised in a separate reserve and therefore the revaluation reserve of £24,678,634 was transferred to the profit and loss reserve on transition at 1 January 2014 and a balance of £22,108,086 at 31 December 2014.

Although the unrealised revaluation surplus and any related deferred tax impact, is included in the profit and loss reserve it does not, if positive, form part of the profits available for distribution.

Prior to the adoption of FRS102 the company was not required to recognise a liability for interest swaps liability provisions unless they formed part of a fair value adjustment under acquisition accounting. Under FRS102 the full fair value liability has now been recognised and therefore an additional £13,436,680 has been included in the provision on transition at 1 January 2014. The provision at 31 December 2014 increased to £66,271,236 being an increase of £42,016,606 on the balance previously stated.

The ineffective element of the movement in the reserve is reflected as a profit or loss and the comparative period loss was increased by £21,668,533 as a result of the adjustment. The effective element of the interest swap, subject to minority interest movements, is included in a hedging reserve and the balance on transition was £35,053,143 increasing to £40,680,311 at the comparative date.

The following changes did not impact on the overall net assets of the group.

An adjustment has been made to the minority interest reserve on transition date of 1 January 2014 of £951,802 in respect of a prior year adjustment to correct the percentage of minority interest that had been used. A further adjustment of £121,214 during 2014 for minority interest based on the previously stated reserve movements resulted in a net adjustment to the closing balance at 31 December 2014 of £830,588.

The impact on minority interest from the FRS102 adjustments noted was to reduce the balance at the comparative date by a further £1,800,560, an overall reduction in the previously stated minority interest at 31 December 2014 of £2,631,148.