

Company Registration No. 09479282 (England and Wales)

**FETTER LANE APARTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD 9 MARCH 2015 TO 31 DECEMBER 2015**



# FETTER LANE APARTMENTS LIMITED

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**Registered Office**  
86 Bondway London SW8 1SF

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# **FETTER LANE APARTMENTS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 31 DECEMBER 2015**

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The Directors present their annual report and financial statements for the period 9 March 2015 to 31 December 2015.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415a of the Companies Act 2006.

The Company has also taken advantage of the small companies' exemption from preparing a Strategic Report.

#### **Principal activities**

The principal activity of the Company is to invest in residential property. The Company was formed on 9 March 2015 and on 24 July 2015 purchased the following property:

- 139 Fetter Lane, London, EC4

#### **Results and dividends**

The results for the period are set out on page 6.

The Directors do not recommend payment of an ordinary dividend.

#### **Directors**

The Directors, who served throughout the period except as noted, were as follows:

Mr E H Klotz	(Appointed 9 March 2015)
Mr A G P Millet	(Appointed 9 March 2015)
Mr J H Whiteley	(Appointed 9 March 2015)
Mr F J Widlund	(Appointed 9 March 2015)
Mr S L Wigzell	(Appointed 9 March 2015)

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at reporting date.

#### **Auditors**

In accordance with the Company's articles, a resolution proposing that Deloitte LLP be reappointed as auditors of the company will be put at a General Meeting.

# **FETTER LANE APARTMENTS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 DECEMBER 2015**

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### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and 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), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of affairs of the Company and of the income statement of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditors**

Each Director in office at the date of approval of this annual report confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

# FETTER LANE APARTMENTS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

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### Principal risks and uncertainties

The Directors consider there are a number of potential risks and uncertainties which could have a material impact on the Company's performance and could cause the actual results to differ materially from expected and historical results. Management and mitigation of these risks is the responsibility of the Directors of the Company. The principal risks and uncertainties facing the Company are broadly grouped as – property investment risk, funding risk, political and economic and credit risk.

#### *Property Investment Risks*

A cyclical downturn in the property market, changes in the supply of space and/or occupier demand or overall poor asset management could have a negative impact on the cash flows, profitability and overall net asset value of the company. To mitigate this risk, senior management has detailed knowledge of the market to which the company operates through years of experience within the industry. Furthermore the company has property managers who actively monitor the performance of the investment properties on a daily basis and report to management on a weekly basis.

#### *Funding Risk*

An adverse interest rate movement or breach in borrowing covenants may have a detrimental effect on the ability of the company to meet its financial obligations. In order to mitigate this risk, the Group's Treasury function closely monitors the performance of the Company on a daily basis. In addition, parent debt service cover guarantees have been given to secure funding.

#### *Political and Economic Risks*

Undoubtedly the potential exit of the United Kingdom from the European Union remains a risk to overall economy and which may impact net asset values and profitability. It is the Directors view that the United Kingdom's economy remains sufficiently robust to weather any immediate adverse economic effects should this event occur.

#### *Credit risk*

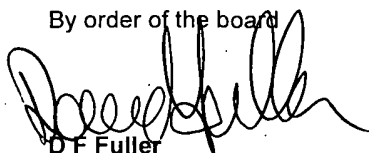
Is the risk that our tenants fail to meet their financial obligations which would have an adverse effect on company cash flows. The company policies are aimed at minimising such losses, and require that terms are only granted to tenants who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Group's annual report which does not form part of this report and can be found on the parent entities website [www.clsholdings.com](http://www.clsholdings.com).

### Going concern

At the time of approving the financial statements, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future despite the net current liability position at 31 December 2015. Furthermore, at the Balance Sheet date, the Company has net assets which are expected to generate positive cash flows in addition to the ability to seek alternate funding from within the Group of the Parent Company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

By order of the board



D F Fuller

Secretary

26 May 2016

# **FETTER LANE APARTMENTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FETTER LANE APARTMENTS LIMITED**

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We have audited the financial statements of Fetter Lane Apartments Limited for the period ended 31 December 2015 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 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 annual 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 Company's affairs as at 31 December 2015 and of its profit for the period 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

# FETTER LANE APARTMENTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF FETTER LANE APARTMENTS LIMITED

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#### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report; or
- we have not received all the information and explanations we require for our audit.



Mark Beddy FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
26 May 2015

# FETTER LANE APARTMENTS LIMITED

## INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Notes	Period ended 31 December 2015 £
Revenue	4	110,229
Service charge expenditure		(111)
<b>Net rental income</b>		<b>110,118</b>
Administrative expenses		(115,075)
<b>Operating loss</b>	5	<b>(4,957)</b>
Interest payable and similar charges	8	(95,200)
Net movements on revaluation of investment properties	11	372,950
<b>Profit on ordinary activities before taxation</b>		<b>272,793</b>
Tax on profit on ordinary activities	9	(230,918)
<b>Profit for the financial period</b>		<b>41,875</b>

The income statement has been prepared on the basis that all operations are continuing operations.

There were no items of other comprehensive income other than those stated above for the period and consequently no statement of other comprehensive income is presented.

The notes on pages 9 to 17 form part of these financial statements.



# FETTER LANE APARTMENTS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2015

		2015
	Notes	£
<b>Fixed assets</b>		
Property, plant and equipment	10	59,980
Investment property	11	5,750,000
		<u>5,809,980</u>
<b>Current assets</b>		
Trade and other receivables	12	22,237
Corporation tax recoverable		21,634
		<u>43,871</u>
<b>Current liabilities</b>		
Trade and other payables	13	<u>(182,373)</u>
<b>Net current liabilities</b>		<u>(138,502)</u>
<b>Non-current liabilities</b>		
Trade and other payables	13	(5,377,050)
Deferred tax liabilities	14	(252,552)
		<u>(5,629,602)</u>
<b>Net assets</b>		<u>41,876</u>
<b>Equity</b>		
Called up share capital	15	1
Retained earnings		41,875
<b>Total equity</b>		<u>41,876</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2016  
Signed on its behalf by:



Mr John Whiteley  
Director

Company Registration No. 09479282

# FETTER LANE APARTMENTS LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE PERIOD ENDED 31 DECEMBER 2015**

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	Share capital £	Retained earnings £	Total £
Opening balance as at 9 March 2015	-	-	-
Profit for the period	-	41,875	41,875
Issue of share capital	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>
Balance at 31 December 2015	<u>1</u>	<u>41,875</u>	<u>41,876</u>

# FETTER LANE APARTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2015

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#### 1 Accounting policies

##### 1.1 Accounting convention

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has adopted FRS 101 as its accounting framework. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis except for the revaluation of investment properties. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of the ultimate parent company, the group accounts of which are available to the public and can be obtained as set out in note 17.

As the Company was incorporated on 9 March 2015, no comparative information is available for presentation in the financial statements for the period ended 31 December 2015.

##### 1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future despite the net current liability position as at 31 December 2015. Furthermore, at the Balance Sheet date, the Company has net assets which are expected to generate positive cash flows in addition to the ability to seek alternate funding from within the Group of the Parent Company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Revenue

Revenue comprises the total value of rents from operating leases recognised on a straight-line basis over the lease term. The cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income. Rents received in advance are shown as deferred income in accruals and deferred income.

##### Service charge income

Service charge income is recognised on a gross basis in the accounting period in which the services are rendered.

##### 1.4 Fixtures and fittings

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings: 25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

# FETTER LANE APARTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

### 1 Accounting policies

(Continued)

#### 1.5 Investment properties

Investment properties are those properties held for long-term rental yields or for capital appreciation or both. Investment properties are measured initially at cost, including related transaction costs. Additions to investment properties comprise costs of a capital nature; in the case of investment properties under development, these include capitalised interest and certain staff costs directly attributable to the management of the development. Capitalised interest is calculated at the rate on associated borrowings applied to direct expenditure between the date of gaining planning consent and the date of practical completion. The acquisition of an investment property is recognised when the risks and rewards of ownership have been transferred to the Group, typically on unconditional exchange of contracts or when legal title passes. Investment properties are carried at fair value, based on market value as determined by professional external valuers at the balance sheet date. Changes in fair values are recognised in profit before tax.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

#### 1.6 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the Company from the adoption of IFRS 13.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### 1.8 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial asset and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as Fair Value Through Profit and Loss, which are measured at fair value.

##### **Receivables**

Trade and other receivables are recognised initially at fair value. An impairment provision is created where there is objective evidence that the Company will not be able to collect the receivable in full.

##### **Impairment of financial assets**

Financial assets, other than those at Fair Value Through Profit and Loss, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

# FETTER LANE APARTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2015

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#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **1.9 Financial liabilities**

Financial liabilities are classified as either financial liabilities at Fair Value Through Profit or Loss or other financial liabilities. Trade and other payables are stated at cost, which equates to fair value.

##### ***Other financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Company's obligations are discharged or cancelled, or when they expire.

#### **1.10 Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### **1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

##### ***Deferred tax***

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is calculated using rates that are expected to apply in the period when the liability is settled or the asset is realised, in the tax jurisdiction in which the temporary differences arise. Deferred tax is charged or credited in arriving at profit after tax, except when it relates to items recognised in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be used. The deferred tax assets and liabilities are only offset if they relate to income taxes levied by the same taxation authority, there is a legally enforceable right of set-off and the Company intends to settle its current tax assets and liabilities on a net basis.

# FETTER LANE APARTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

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### 2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or are recognised in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Critical judgements

##### Fair value of investment properties

The Company uses the valuations performed by its independent external valuers as the fair value of its investment properties. The valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

### 3 Adoption of new and revised standards and changes in accounting policies

#### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments (2009, 2010 and 2014)
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
- Disclosure Initiative (Amendments to IAS 7)
- Annual Improvements to IFRSs: 2010-2012 Cycle
- Annual Improvements to IFRSs: 2012-2014 Cycle

These pronouncements, when applied, either will result in changes to presentation and disclosure, or are not expected to have a material impact on the financial statements, apart from IFRS 15 and IFRS 9. In respect of IFRS 15, the Company is undertaking an assessment of the impact of this standard. In respect of IFRS 9, it is not practical to provide an estimate of the effect of this standard until it is effective.

# FETTER LANE APARTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

### 4 Revenue

An analysis of the Company's revenue is as follows:

	2015 £
Rental income	110,118
Service charge income	111
	<u>110,229</u>

### Geographical market

Revenue arose wholly within the United Kingdom

### 5 Operating loss

This is stated after charging/(crediting):

Depreciation of property, plant and equipment	7,582
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### 6 Employees

The Company did not have any employees during the period.

No fees or other emoluments were paid to the Directors of the Company during the period in respect of their service to the Company. The Directors are paid by another entity within the ultimate parent company's group.

### 7 Auditors' remuneration

The analysis of auditor's remuneration is as follows:

	2015 £
Fees payable to the company's auditors for the audit of the company's annual accounts	<u>4,800</u>

No fees were payable to Deloitte LLP and its associates for non-audit services to the Company during the current or preceding year.

### 8 Interest payable and similar charges

	2015 £
Other interest payable	<u>95,200</u>

# FETTER LANE APARTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

### 9 Income tax expense

#### Continuing operations

	2015 £
<b>Corporation tax</b>	
Current year	(21,634)
<b>Deferred tax</b>	
Current year	252,552
<b>Total tax charge</b>	<u>230,918</u>

The charge for the period can be reconciled to the profit on ordinary activities before taxation as follows:

	2015 £
Profit before taxation on continued operations	<u>272,793</u>
Profit on ordinary activities before taxation multiplied by weighted average rate of UK corporation tax of 20.08%	<u>54,777</u>
<b>Taxation impact of factors affecting tax charge:</b>	
Non-taxable income	(1,522)
Change in tax rate	(7,757)
Change in tax basis of properties, including indexation uplift	<u>185,420</u>
<b>Total adjustments</b>	<u>176,141</u>
<b>Tax charge for the period</b>	<u>230,918</u>

The rate of UK corporation tax for the financial year beginning 1 April 2014 was 21%. This fell to 20% on 1 April 2015 and the weighted corporation tax rate for the period ended December 2015 was therefore 20.08%. Deferred tax has been calculated at a rate of 18%, being the rate applicable from 1 April 2015 under legislation substantively enacted at the balance sheet date.

### 10 Tangible fixed assets

#### Fixtures and fittings:

	£
<b>Cost</b>	
Additions	<u>67,562</u>
<b>At 31 December 2015</b>	<u>67,562</u>
<b>Accumulated depreciation/impairment</b>	
Charge for the period	<u>(7,582)</u>
<b>At 31 December 2015</b>	<u>(7,582)</u>



# FETTER LANE APARTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

### 10 Tangible fixed assets

(Continued)  
Fixtures and fittings:

£

#### Carrying amount

At 31 December 2015

59,980

### 11 Investment property

£

#### Fair value

At 9 March 2015

-

Additions through acquisition

5,377,050

Fair value adjustment

372,950

At 31 December 2015

5,750,000

The investment property was revalued at 31 December 2015 to its fair value. Valuations were based on current prices in an active market for all properties. The property valuations were carried at 31 December 2015 out by Cushman & Wakefield who are external, professional qualified valuers.

Property valuations are complex and require a degree of judgement and are based on data which is not publicly available. Consistent with EPRA guidance, we have classified the valuations of our property portfolio as level 3 as defined by IFRS 13. Inputs into the valuations include equivalent yields and rental income and are described as 'unobservable' as per IFRS 13. All other factors remaining constant, an increase in rental income would increase valuations, whilst an increase in equivalent nominal yield would result in a fall in value and vice versa.

The Company has pledged all of its investment property to secure general banking facilities granted to the Company.

The comparable cost of investment property determined under historical cost was £5,377,050.

### 12 Trade and other receivables

2015

£

Trade debtors

22,237

# FETTER LANE APARTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

### 13 Trade and other payables

	Current 2015 £	Non-current 2015 £
Amounts due to fellow group undertakings	156,317	5,377,050
Accruals	23,782	-
Other payables	2,274	-
	<u>182,373</u>	<u>5,377,050</u>

Payables include a loan of £5,377,050 due to a fellow group undertaking. The loan is due for repayment on 31 July 2023. Interest charged on the loan is at a rate of LIBOR plus a margin of 3.5%.

### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Revaluations £
Deferred tax liability at 9 March 2015	-
<b>Deferred tax movements in current year</b>	
Charge/(Credit) to the income statement	252,552
Deferred tax liability at 31 December 2015	<u>252,552</u>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

### 15 Share capital

	2015 £
<b>Authorised, issued and fully paid</b>	
1 Ordinary shares of £1 each	<u>1</u>

# FETTER LANE APARTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2015**

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### 16 Operating leases

#### The Company as lessor

At the reporting end date the Company had contracted with tenants for the following minimum lease payments:

	2015 £
Within one year	197,004
Between two and five years	234,613
	<u>431,617</u>

Operating leases where the Company is the lessor are typically negotiated on a customer-by-customer basis and include break clauses and indexation provisions. Net rental income earned during the year was £110,118 and direct operating expenses arising on the properties in the period was £86,143. The lessee does not have an option to purchase the property at the expiry of the lease period.

### 17 Controlling party

The Directors consider that the immediate and ultimate parent undertaking and controlling party is CLS Holdings plc, which is incorporated in Great Britain. The financial statements of the Company are consolidated into the CLS Holdings plc Group accounts for the year ended 31 December 2015, being the largest and only Group into which the Company is consolidated. Copies of the Group financial statements are publicly available and may be obtained from The Secretary, CLS Holdings plc, 86 Bondway, London, SW8 1SF.