

Company Registration No. 10585680 (England & Wales)

CORTX 1 LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



CORTX 1 LIMITED

CORPORATE INFORMATION

Directors	J W J Ritblat P J Goswell
Company Registration No.	10585680 (England & Wales)
Registered Office	6th Floor Lansdowne House Berkeley Square London W1J 6ER
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

CORTX 1 LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Statement of Directors' responsibilities	4
Independent Auditor's report	5 - 6
Consolidated statement of comprehensive income (including the Profit and Loss Account)	7
Consolidated and Company balance sheets	8
Consolidated and Company statements of changes in equity	9
Consolidated statement of cash flows	10
Notes to the financial statements	11 - 23

CORTX 1 LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their Strategic Report for the year ended 31 March 2018.

Review of the business

The principal activity of the Group is that of the provision of advisory services to real estate entities.

The results for the year and the financial position of the Group at the year end were considered satisfactory by the Directors who expect continued growth in the foreseeable future.

Results

The loss for the year, after taxation, amounted to £4,603k (2017: £391k, as restated). The net decrease largely relates to establishment costs of new operating platforms.

Principal risks and uncertainties

The Group's operations are affected by fluctuations in UK interest rates, the UK property market and the UK financial climate in general. The Directors believe that the quality and breadth of its clients' portfolios largely protects the Group from such movements.

Delancey Real Estate Asset Management Limited, a wholly owned Group company, is a Registered Investment Advisor with the US Securities and Exchanges Commission (SEC), under the Investment Advisors Act 1940 and is also a fully authorised and regulated firm by the Financial Conduct Authority (FCA).

Financial instruments

In relation to financial instruments, the Group has established risk and financial management procedures whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

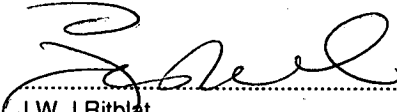
Key performance indicators

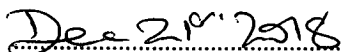
The Group's key financial performance indicators are:

Group turnover: Increased by £1,284k (7.4%) during the year, principally due to new advisory fees.

Net assets: Decreased by £4,633k (11.8%), principally as a result of the loss for the year.

On behalf of the Board


J W J Ritblat
Director

Date: 
Dec 21st 2018

CORTX 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors present their report and financial statements for the year ended 31 March 2018.

Incorporation and group reorganisation

The Group was reorganised during the year ended 31 March 2018.

At 1 April 2017 the Group's ultimate parent undertaking was Delancey Real Estate Partners Limited (a company incorporated in the British Virgin Islands with Company Registration No. 505059). During the year Delancey Real Estate Partners Limited conducted a share buyback of the entire 'A', 'C' and 'E' ordinary share capital leaving only 'B' and 'D' ordinary shares in issue.

Subsequently on 10 November 2017, Cortx 1 Limited purchased the entire 'B' and 'D' ordinary share capital of Delancey Real Estate Partners Limited and became the Group's ultimate parent undertaking. Cortx 1 Limited was incorporated on 26 January 2017 and has the same ultimate equity holders as Delancey Real Estate Partners Limited.

The Group's ultimate equity holders and their associated rights relative to each other have been unchanged as part of the reorganisation. The ultimate equity holders continue to be the former 'B' and 'D' ordinary shareholders of Delancey Real Estate Partners Limited and the current 'B' and 'D' ordinary shareholders of Cortx 1 Limited. In addition, non-controlling interests in the net assets of the Group were unaltered by the reorganisation activity.

Accordingly, and as permitted by Company law, the Directors have prepared the Group accounts for the year ended 31 March 2018 using the merger accounting method as outlined in Section 19 - "Business Combinations and Goodwill" of FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

Under this method, the current year Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows present the results, movements and cash flows of all of the combining entities. The comparative consolidated information is also presented for all combining entities during which the entity Cortx 1 Limited was dormant.

The Company information presented in the Company balance sheet and the Company statement of changes in Equity in these financial statements is in respect of Cortx 1 Limited for the period from incorporation on 26 January 2017 to 31 March 2018. Company information in respect of Delancey Real Estate Partners Limited can be found in its separate Company financial statements for the year ended 31 March 2018.

Directors

The following directors have held office during the year:

J W J Ritblat (appointed 26 January 2017)
P J Goswell (appointed 10 November 2017)

Results and dividends

The Group loss for the financial year amounted to £4,603k (2017: £391k, as restated).

No ordinary dividend was paid during the current and prior years.

Future developments

The Directors continue to pursue a broad range of opportunities.

Financial instruments

Details of financial instruments are provided in the Strategic Report on page 1.

CORTX 1 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Going concern

The Directors believe that the Group has significant net assets, together with a number of long term advisory agreements and are actively seeking new opportunities which will allow the Group to continue in operational existence for the foreseeable future. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Political and charitable donations

During the prior year the wholly-owned subsidiary Delancey Real Estate Asset Management Limited made political donations of £25k to the Conservative Party.

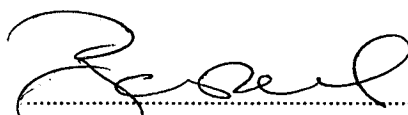
As part of the Group's commitment to the community the following contributions were made during the year:

	2018 £'000	2017 £'000
Social welfare	20	7
Health	5	-
Arts	-	10
Education	3	6
Other	5	21
	<u>33</u>	<u>44</u>

Disclosure of information to Auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditor in connection with preparing its report, of which the Auditor is unaware. Having made enquiries of fellow directors and the Group's Auditor, each Director has taken all the steps that he / she is obliged to take as a Director in order to make himself / herself aware of any relevant audit information and to establish that the Auditor is aware of that information.

On behalf of the Board


.....
J W J Ritblat
Director

Date: 21st Dec - 2018

CORTX 1 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2018

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Good practice requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORTX 1 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORTX 1 LIMITED FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of Cortx 1 Limited ('the Parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise the Group Statement of Comprehensive Income, the Group and Parent company Balance Sheet, the Group Statement of Cash Flows, the Group and Parent Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Group's and of the Parent company's affairs as at 31 March 2018 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.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

CORTX 1 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORTX 1 LIMITED (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Matthew Williams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 21.12.18

CORTX 1 LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (INCLUDING THE PROFIT AND LOSS ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £'000	2017 £'000 (as restated)
Turnover	5	18,587	17,303
Cost of sales		-	(155)
Administrative expenses		(21,857)	(20,967)
Group operating loss	6	(3,270)	(3,819)
Share of operating (loss) / profit in joint ventures	14	(328)	1,643
Profit on the disposal of fixed assets		-	88
Profit on disposal of investment property		-	490
Loss on ordinary activities before interest, gains on fair value and taxation		(3,598)	(1,598)
Other interest receivable and similar income	10	240	215
Interest payable and similar charges	11	(1,218)	(982)
Gain on financial assets at fair value through profit or loss	14	261	1,896
Loss on ordinary activities before taxation		(4,315)	(469)
Tax on loss on ordinary activities	12	(288)	78
Loss for the financial year		(4,603)	(391)
Attributable to:			
Equity holders of the parent		(4,553)	(360)
Non-controlling interests		(50)	(31)
		(4,603)	(391)

CONSOLIDATED OTHER COMPREHENSIVE INCOME


The Group has no comprehensive income other than the results for the year as set out above.

CORTX 1 LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 31 MARCH 2018

	Notes	Consolidated		Company
		2018 £'000	2017 £'000 (as restated)	2018 £'000
Fixed assets				
Tangible assets	13	4,505	4,496	-
Investments	14	32,890	32,349	5,497
Investments in joint ventures	14	12	13	-
		37,407	36,858	5,497
Current assets				
Debtors	17	8,929	9,741	-
Cash at bank and in hand		19,108	27,048	-
		28,037	36,789	-
Creditors:				
amounts falling due within one year	18	(14,269)	(19,053)	-
Net current assets		13,768	17,736	-
Total assets less current liabilities		51,175	54,594	5,497
Creditors:				
amounts falling due after one year	19	(16,476)	(15,262)	-
Net assets		34,699	39,332	5,497
Capital and reserves				
Called up share capital	21	4	12	4
Treasury share reserve		-	(3,687)	-
Other reserves		8	-	-
Profit and loss account		34,768	43,038	5,493
Equity shareholders' funds		34,780	39,363	5,497
Non-controlling interest		(81)	(31)	-
		34,699	39,332	5,497

The financial statements were approved on behalf of the Board by:


 J W J Ritblat
 Director

Date: 21st Dec 2018

Company Registration No. 10585680 (England & Wales)

CORTX 1 LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Consolidated						
	Called up share capital £'000	Treasury share reserve £'000	Other reserves £'000	Profit and loss account £'000	Equity shareholders' funds £'000	Non-controlling interest £'000	Total equity £'000
At 1 April 2016 (as originally stated)	12	(3,687)	-	43,367	39,692	-	39,692
Prior period adjustment (Note 2)	-	-	-	31	31	-	31
At 1 April 2016 (as restated)	12	(3,687)	-	43,398	39,723	-	39,723
Loss for the financial year (as restated)	-	-	-	(360)	(360)	(31)	(391)
At 31 March 2017 (as restated)	12	(3,687)	-	43,038	39,363	(31)	39,332
At 1 April 2017	12	(3,687)	-	43,038	39,363	(31)	39,332
Loss for the financial year	-	-	-	(4,553)	(4,553)	(50)	(4,603)
Purchase of own shares	(8)	3,687	8	(3,717)	(30)	-	(30)
At 31 March 2018	4	-	8	34,768	34,780	(81)	34,699
	Company						
	Call up share capital £'000	Treasury share reserve £'000	Other reserves £'000	Profit and loss account £'000	Equity shareholders' funds £'000	Non-controlling interest £'000	Total equity £'000
Issue of share capital at 26 January 2017	4	-	-	-	4	-	4
Profit for the financial period	-	-	-	5,493	5,493	-	5,493
At 31 March 2018	4	-	-	5,493	5,497	-	5,497

CORTX 1 LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
£'000	£'000	£'000
		(as restated)
Cash flows from operating activities		
Loss for the financial year	(4,603)	(391)
Adjustments for:		
Depreciation of tangible fixed assets	250	250
Share of loss / (profit) in joint venture	328	(1,643)
Taxation	288	(78)
Disposal of fixed assets	-	220
Interest payable	1,218	982
Interest receivable	(240)	(215)
Gain on financial assets at fair value through profit or loss	(261)	(1,896)
Decrease / (increase) in debtors	811	(732)
(Decrease) / increase in creditors	(5,568)	2,128
Cash from operations	(3,174)	(984)
Corporation tax (received) / paid	819	(414)
Net cash outflow from operating activities	(6,958)	(1,789)
Cash flows from investing activities		
Interest received	2	52
Dividends received from joint ventures	-	1,593
Proceeds from sale of investment property	-	2,520
Purchase of tangible assets	(259)	(899)
Purchase of investments	(280)	-
Loans advanced	(492)	(1,297)
Repayment of loans advanced	80	8,099
Proceeds from sale of tangible assets	-	88
Net cash (outflow) / inflow from investing activities	(949)	10,156
Cash flows from financing activities		
Repayment of borrowing	-	(8,099)
Interest paid	(3)	(1)
Purchase of own shares	(30)	-
Net cash outflow from financing activities	(33)	(8,100)
Net (decrease) / increase in cash and cash equivalents	(7,940)	267
Cash and cash equivalents at 1 April	27,048	26,781
Cash and cash equivalents at 31 March	19,108	27,048

In the current and prior years cash and cash equivalents are equal to the cash at bank and in hand balances.

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Company information

Cortx 1 Limited is a private company, limited by shares, incorporated and domiciled in England & Wales. The registered office is 6th Floor Lansdowne House, Berkeley Square, London W1J 6ER.

The company was incorporated on 26 January 2017.

2 Prior period adjustment

During the years ended 31 March 2012 and 2017, a wholly-owned subsidiary entered into agreements each entitling the Company to fee income from the date of those agreements. However, the Company did not recognise such income and filed dormant company financial statements for each financial year from the year ended 31 March 2012 to the year ended 31 March 2017. The income has been invoiced entirely in the current year. To correct the prior year, the Directors deem it appropriate to restate the comparative period.

	2017 £'000 (as restated)	2017 £'000 (as originally stated)	Effect £'000
STATEMENT OF COMPREHENSIVE INCOME (INCLUDING THE PROFIT AND LOSS ACCOUNT)			
Turnover	17,303	17,292	11
Tax on loss on ordinary activities	78	80	(2)
	17,381	17,372	9
BALANCE SHEET			
Other debtors	2,502	2,451	51
Corporation tax debtors	1,569	1,580	(11)
	4,071	4,031	40
Profit and loss account	43,038	42,998	40

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3 Accounting policies

3.1 Basis of preparation

The financial statements are prepared in Pounds sterling, which is the functional currency of the Group. The financial statements are rounded to the nearest thousand.

The financial statements have been prepared under the historic cost convention and in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" and the Companies Act 2006.

3.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March each year.

No Statement of Comprehensive Income (including the Profit and Loss Account) is presented for the Company as permitted by section 408 of the Companies Act 2006.

Entities in which the Group holds an interest which are jointly controlled by the Group and one or more joint ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures and associates are accounted for using the equity method.

3.3 Group restructuring

The Group was reorganised during the year ended 31 March 2018. As outlined in more detail in the Directors' Report on page 2, the Directors have prepared the Group accounts for the year ended 31 March 2018 using the merger accounting method as outlined in Section 19 - "Business Combinations and Goodwill" of FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

Under this method, the current year Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows present the results, movements and cash flows of all of the combining entities. These combining entities are the new ultimate parent company, Cortx 1 Limited, along with the Group companies consolidated in the year ended 31 March 2017 financial statements of Delancey Real Estate Partners Limited. The comparative consolidated information is also presented for all combining entities.

The Company information presented in the Company balance sheet and the Company statement of changes in Equity in these financial statements is in respect of Cortx 1 Limited for the period from incorporation on 26 January 2017 to 31 March 2018, which represents the Company's first accounting period. Company information in respect of Delancey Real Estate Partners Limited can be found in its separate Company financial statements for the year ended 31 March 2018.

The newly merged Group's accounting policies are consistent with those of the former Group.

3.4 Going concern

The Directors believe that the Group has significant net assets, together with a number of long term advisory agreements and are actively seeking new opportunities which will allow the Group to continue in operational existence for the foreseeable future. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

3 Accounting policies (continued)

3.5 Turnover

Turnover represents fees receivable for services provided under advisory agreements which were in existence during the accounting period. Turnover is recognised to the extent that advisory services have been provided.

In the prior year turnover also included rental income recognised on a straight-line basis from the property known as Beehive Mill which is in the United Kingdom.

3.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated on a straight-line basis so as to write-off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings & equipment	-	over 2 to 3 years
Artwork (included in Fixtures, fittings & equipment)	-	no depreciation
Motor vehicles	-	over 5 years
Other assets	-	over 5 years

3.7 Impairment of non-financial assets

At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

The Group recognises an impairment loss immediately in the Profit and Loss Account unless the asset is carried at a revalued amount in accordance with another section (e.g. property, plant and equipment). Any decrease in a revalued amount shall be in accordance with that other section.

3.8 Operating lease agreements

Rentals payable after taking into account lease incentives under operating leases are charged in the Profit and Loss Account on a straight-line basis over the lease term.

3.9 Pensions

The Group operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the Group during the year.

3.10 Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the Directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

3 Accounting policies (continued)

3.10 Taxation (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Profit and Loss Account.

3.12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

3.13 Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Profit and Loss Account in other operating expenses.

3.14 Investments in joint ventures and associates

Investments in joint ventures are accounted for using the equity method.

3.15 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost.

3.16 Other investments

Investments are recognised initially at fair value which is normally the transaction price (but excludes transaction costs, where the investment is subsequently measured at fair value through profit or loss). Subsequently, they are measured at fair value through profit or loss. The fair value of the equity investments is determined with reference to the Company's percentage share of the underlying investments' net assets, which are adjusted as appropriate to their fair value. In particular, the investment properties held in the investments are valued by CBRE on a fair value basis.

3.17 Loan notes

Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method.

3.18 Treasury shares

Treasury shares are classified in capital and reserves as Treasury share reserve and recognised at cost. The consideration received for the sale of such shares is also recognised in equity with any difference between proceeds from sale and the original cost taken to the Profit and Loss Account reserve. No gain or loss is recognised on the purchase, sale issue or cancellation of equity shares.

3.19 Other reserves

Other reserves included in capital and reserves arise as a result of the purchase of own shares by subsidiary undertakings.

3.20 Company exemptions

The Company has taken the exemptions available to it in Financial Reporting Standard 102, from the need to prepare a Company Statement of Cash Flows or to disclose related party transactions with wholly-owned subsidiaries.

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

4 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

4.1 Valuation of investments at fair value through profit or loss

The group accounts for investments in subsidiaries at cost and uses the equity method to account for investments in joint ventures and associates.

The Group values other minority interests in unlisted companies by multiplying the fair value of the net asset value of the companies invested in by the percentage of shareholding. Price adjustments are taken into account where actual transactions have taken place. Fair value movements are recognised through the Profit and Loss Account.

5 Turnover

The total turnover of the Group for the year has been derived from its principal activity wholly undertaken in the United Kingdom. In addition, in the prior year, rental income was recognised on a straight-line basis from the property known as Beehive Mill which is in the United Kingdom.

	2018 £'000	2017 £'000 (as restated)
Fees receivable under advisory agreements	18,587	17,064
Rental income	-	239
	<u>18,587</u>	<u>17,303</u>

6 Group operating loss

	2018 £'000	2017 £'000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	250	250
Operating lease costs	811	862
Auditor's remuneration for audit services	70	42
Auditor's remuneration for other services	142	11
	<u>1473</u>	<u>1165</u>

7 Auditor's remuneration

	2018 £'000	2017 £'000
Audit of financial statements	14	16
Audit of subsidiaries	56	26
Taxation compliance and other advisory services	142	11
	<u>212</u>	<u>53</u>

During the year there were no non-audit services provided to Cortx 1 Limited. All non-audit services were provided to subsidiaries.

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

8 Employees

Number of employees

The average monthly number of employees (including Directors) during the year was:

	2018 Number	2017 Number
Administrative	55	54

Employment costs

	2018 £'000	2017 £'000
Wages and salaries	12,293	10,040
Social security costs	1,636	1,756
Other pension costs	596	582
	14,525	12,378

9 Directors' emoluments

	2018 £'000	2017 £'000
Emoluments for qualifying services	4,642	3,431

In the current and prior years no Director retirement benefits are accruing under money purchase pension schemes.

Emoluments disclosed above include the following amounts paid to the highest paid Director:

	2018 £'000	2017 £'000
Emoluments for qualifying services	1,975	1,571

10 Other interest receivable and similar income

	2018 £'000	2017 £'000
Bank interest receivable	2	52
Other interest receivable	238	163
	240	215

11 Interest payable and similar charges

	2018 £'000	2017 £'000
Bank loan	862	906
Amortisation of finance costs	353	75
Bank charges and interest payable	3	1
	1,218	982

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

12 Taxation		2018 £'000	2017 £'000 (as restated)
	Notes		
UK corporation tax			
Adjustments in respect of prior periods		(169)	6
UK corporation tax		-	(559)
Share of tax in joint ventures		-	329
Current tax credit		(169)	(224)
Deferred tax			
Deferred tax charge	20	457	146
Tax on loss on ordinary activities		288	(78)
Factors affecting the total tax charge			
Loss on ordinary activities before taxation		(4,315)	(469)
Loss on ordinary activities before taxation multiplied by main rate of UK corporation tax of 19% (2017: 20%)		(820)	(94)
Effects of:			
Unrecognised deferred tax asset in respect of losses carried forward		1,168	151
Non deductible expenses		218	262
Other permanent differences		(4)	13
Fixed asset differences not taxable		(50)	(160)
Effects of different rates of tax		(55)	40
Adjustments in respect of previous periods		(169)	6
Chargeable gains		-	83
Non taxable income		-	(379)
Total tax charge / (credit)		288	(78)

Factors that may affect future tax charges

The Finance (No.2) Act 2015 was enacted on 18 November 2015, which introduced a reduction in the headline rate of corporation tax from 20% to 19% from 1 April 2017. The Finance Act 2016 was enacted on 15 September 2016, and introduced a further reduction of the headline rate of corporation tax to 17% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

The Group has unrecognised deferred tax assets at 31 March 2018 in respect of tax losses carried forward of £1,252k (2017: £151k). These deferred tax assets have not been recognised on the basis that it is not sufficiently certain that suitable taxable profits will arise against which to offset them.

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

13 Tangible assets	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Other assets £'000	Total £'000
Group Cost				
At 1 April 2017	5,913	408	616	6,937
Additions	259	-	-	259
Disposals	-	-	-	-
At 31 March 2018	6,172	408	616	7,196
Depreciation				
At 1 April 2017	2,258	165	18	2,441
Charge for the year	83	44	123	250
Eliminated on disposals	-	-	-	-
At 31 March 2018	2,341	209	141	2,691
Net book value				
At 31 March 2018	3,831	199	475	4,505
At 31 March 2017	3,655	243	598	4,496

14 Fixed asset investments	Shares £'000	Shareholder loans £'000	Total unlisted investments £'000
Group			
At 1 April 2017	21,093	11,256	32,349
Additions	-	280	280
Fair value adjustment	261	-	261
At 31 March 2018	21,354	11,536	32,890

Unlisted investments comprise investments in companies engaged in management services and various investment activities.

There were no disposals during the current or prior years.

	Shares £'000	Total unlisted investments £'000
Company		
At 26 January 2017	-	-
Additions	5,497	5,497
At 31 March 2018	5,497	5,497

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

14 Fixed asset investments (continued)

At 31 March 2018 the Company had interests in the following active subsidiaries:

Subsidiary	Proportion held	Nature of business
Delancey Real Estate Partners Limited	100%	Real estate investment
Delancey Real Estate Asset Management Limited	100%	Real estate advisory
Delancey Asset Management Limited	100%	Real estate advisory
Delancey Properties (Manchester) Limited	100%	Real estate investment
Delancey Real Estate Asset Management Group Limited	100%	Management
DREAM NW1 GP SPV Limited	100%	Real estate investment
DREAM NW1 Co-Invest SPV Limited	100%	Real estate investment
Newincco 1404 Limited	100%	Holding company
Newincco 1407 Limited	100%	Real estate management
Cortx Limited	100%	Holding company
NW1 Co-Invest US, LLC	80%	Real estate investment
Mount Kendal Limited	76%	Real estate advisory

At 31 March 2018 the Company had interests in the following wholly owned dormant subsidiaries:

Crescent Builders and Estates Limited	Five Oaks Investments Limited
Delancey Associates Limited	Five Oaks Properties Limited
Delancey Developments Limited	Freehold Portfolios Estates Limited
Delancey Estate Agents Limited	Freehold Portfolios Management Limited
Delancey Estates Limited	Metro Shopping Estates Limited
Delancey Investments Limited	Metro Shopping Limited
Delancey Limited	Metro Shopping Management Limited
Delancey Partners Co. Limited	Metro Shopping Plaza Limited
Delancey Properties Limited	Mount Provincial Developments Limited
Delancey Retail Limited	Newincco 1312 Limited
Delancey Real Estate Investment Management Limited	Newincco 9999 Limited
DV3 Limited	NW1 Partners UK LLP
DV4 Limited	Soho Clerkenwell and General Industrial Dwellings
DV5 Limited	Company Limited
DV6 Limited	Speciality Shops Developments Limited
DV7 Limited	Speciality Shops Limited
Five Oaks City Limited	Speciality Shops Management Limited
Five Oaks Developments Limited	Tribeca UK Limited

The dormant entities listed above are exempt from audit in the current year under section 394a of the Companies Act 2006.

At 31 March 2018 the Company also had a 63.4% interest in the dormant subsidiary Totton Investments Limited.

Delancey Real Estate Partners Limited and Delancey Real Estate Asset Management Limited are direct subsidiaries of the Company. All other subsidiaries are indirectly owned.

The Company's holdings are determined with reference to its percentage share of Ordinary shares held, except for its holding in NW1 Partners UK LLP which is determined with reference to voting rights.

All subsidiaries are incorporated in England & Wales, except for Delancey Real Estate Partners Limited and Delancey Partners Co. Limited which are incorporated in the British Virgin Islands and NW1 Co-Invest US, LLC, which is incorporated in the USA (Delaware).

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

14 Fixed asset investments (continued)

	Fair value £'000	Total investments in joint ventures £'000
Group investments in joint ventures		
At 1 April 2017	13	13
Share of operating loss in joint ventures	(1)	(1)
At 31 March 2018	<u>12</u>	<u>12</u>

In addition to the share of operating loss in joint ventures shown above, the Group has also incurred a further loss of £327k in connection with amounts loaned by a wholly-owned subsidiary to a joint venture.

At 31 March 2018 the Company had the following significant shareholdings:

Joint ventures and associates	Proportion held	Country of incorporation	Nature of business
Metro Shopping Fund GP Limited	50%	Jersey	Real Estate Management
Metro Shopping Fund Management Limited	50%	England & Wales	Real Estate Management
NW1 Partners US, LLC	50%	USA (Delaware)	Real Estate Advisory
NW1 GP US, LLC	45%	USA (Delaware)	Real Estate Investment

All significant shareholdings are indirectly owned by the Company.

The Company's holdings are determined with reference to its percentage share of Ordinary shares held.

The registered office of Metro Shopping Fund GP Limited is 13-14 Esplanade, St. Helier, Jersey JE1 1EE.

The registered office of Metro Shopping Fund Management Limited is 100 Victoria Street, London SW1E 5JL.

The registered office of NW1 Partners US, LLC is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware 19801.

The registered office of NW1 GP US, LLC is 251 Little Falls Drive, Wilmington, New Castle, Delaware 19808.

Additional disclosures are given in respect of significant shareholdings, which exceeds certain 25% thresholds under FRS 102 Section 15 - "Interests in Joint Ventures", for the years ended 31 March 2018 as follows:

	Loss after taxation for the financial year £'000	Aggregate of capital and reserves at 31 March 2018 £'000
Metro Shopping Fund GP Limited	(1)	2
Metro Shopping Fund Management Limited	(661)	22
NW1 Partners US, LLC	(587)	1
NW1 GP US, LLC	(1)	18

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

15 Commitments under operating leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
Expiry date:		
Expiring within 1 year	-	-
Between two and five years	2,772	1,023
	<u>2,772</u>	<u>1,023</u>

16 Financial instruments

	Consolidated		Company
	2018 £'000	2017 £'000	2018 £'000
Financial assets as fair value through profit or loss	11,536	11,256	-
Financial assets that are equity instruments	21,366	21,106	5,497
Financial assets that are debt instruments	8,521	9,035	-
Financial liabilities measured at amortised cost	24,139	28,196	-

17 Debtors

		Consolidated		Company
		2018 £'000	2017 £'000 (as restated)	2018 £'000
Trade debtors		1,602	1,682	-
Other debtors	23	2,977	2,502	-
Prepayments and accrued income		3,431	3,531	-
Corporation tax		919	1,569	-
Deferred tax	20	-	457	-
		<u>8,929</u>	<u>9,741</u>	<u>-</u>

18 Creditors: amounts falling due within one year

	Consolidated		Company
	2018 £'000	2017 £'000	2018 £'000
Trade creditors	1,027	2,849	-
Other taxes and social security costs	927	1,165	-
Other creditors	480	2,801	-
Accruals and deferred income	11,835	12,238	-
	<u>14,269</u>	<u>19,053</u>	<u>-</u>

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

19 Creditors: amounts falling due after one year	Consolidated		Company
	2018 £'000	2017 £'000	2018 £'000
Other creditors	3,687	3,687	-
Bank loan	12,789	11,928	-
Less: Unamortised finance costs	-	(353)	-
	16,476	15,262	-
Bank loan maturity analysis:			
Between two and five years	12,789	11,928	-
	12,789	11,928	-

On 22 December 2014 a Group company completed on a 7 year facility for £17.5m with Cain Hoy Finance Limited. The loan bears an annual interest rate of 7% which accrues daily into the facility. The loan is secured by fixed and floating charges over the assets of the Group company. The secured creditor presents a possible liquidity risk to the Group, but at the year end this risk is low; interest is accrued into the facility and the loan and accrued interest are not payable in full until the end of the loan term. The Group has sufficient procedures in place to manage the associated liquidity risk including the preparation of cash flow forecasts and active assessment of financing arrangements available to the Group.

20 Deferred tax	Notes	Deferred tax asset	
		2018 £'000	2017 £'000
Balance at 1 April 2016		619	
Charge to the Profit and Loss Account		(162)	
Balance at 31 March 2017		457	
Balance at 1 April 2017		457	
Charge to the Profit and Loss Account	12	(457)	
Balance at 31 March 2018		-	
The deferred tax asset is made up as follows:			
Capital allowances in excess of depreciation		-	(27)
Timing differences on amounts allowed when paid		-	484
	17	-	457

CORTX 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

21 Share capital	2018
	£'000
Issued, allotted, called up and paid	
3,186 'B' ordinary shares of £1 each	3
1,000 'D' ordinary shares of £1 each	1
	<hr/>
	4
	<hr/>

Each of the 'B' ordinary shares carry the right to one vote per share. The 'D' ordinary shares carry no right to vote except pursuant to a meeting to vary class rights.

The above shares were allotted in the period.

22 Capital commitments

At 31 March 2018 the Group had entered into non-cancellable capital commitments for investments totalling £504k (2017: £nil).

23 Related party transactions

During the prior year, a wholly-owned subsidiary provided a loan of £900k to Vitruvian Construction Limited, a company whose sole shareholder and director was a director of the wholly-owned subsidiary during the year.

The loan accrues interest of 5% per annum compounded on a daily basis. As at 31 March 2018 the balance receivable by the Group was £975k (2017: £927k). This is included in Note 17.

During the year, a wholly-owned subsidiary incurred expenditure in respect of consultancy services provided by Creditincome Limited, a company in which two persons who were directors of the wholly-owned subsidiary during the year have significant influence. In addition, the controlling party of Creditincome Limited is a close family member of a director. The consultancy services provided totalled £410k (2017: £410k) and at the year end the Group has accrued £103k in respect of these services (2017: £103k).

24 Control

The ultimate controlling party is J W J Ritblat.