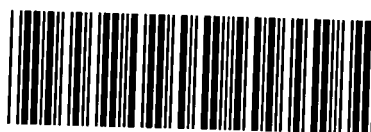


**ALLIED LONDON QUAY STREET TWO LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE PERIOD 9 JUNE 2017 TO 31 DECEMBER 2017**

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Allied London Quay Street Two Limited
Directors' Report and Financial Statements
For the Period 9 June 2017 to 31 December 2017

Contents

| | Page |
|-----------------------------------|-------------|
| Company Information | 1 |
| Directors' Report | 2 |
| Auditor's Report | 3 - 4 |
| Statement of Comprehensive Income | 5 |
| Statement of Financial Position | 6 |
| Statement of Changes in Equity | 7 |
| Notes to the Financial Statements | 8 - 10 |

Allied London Quay Street One Limited
Company Information
For the Period 9 June 2017 to 31 December 2017

| | |
|--------------------------|--|
| Directors | Mr F P Graham-Watson Mr S Gorasia Mr M Ingall Mr J Raine |
| Company Number | 10812358 |
| Registered Office | c/o Allied London No.1 Spinningfields Level 12 1 Hardman Square Manchester M3 3EB |
| Auditors | BDO LLP 55 Baker Street London W1U 7EU |

Allied London Quay Street Two Limited
Company No. 10809821
Directors' Report For the Period 9 June 2017 to 31 December 2017

The directors present their report and the financial statements for the period 9 June 2017 to 31 December 2017.

The company was incorporated on 9 June 2017.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements the directors are required to:

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

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

Principal Activity

The principal activity of the company is that of a property development.

Statement of Disclosure of Information to Auditors

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

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

Directors

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

| | | |
|----------------------|-----------------------|------------------------|
| Mr F P Graham-Watson | Appointed 9 June 2017 | |
| Mr S Gorasia | Appointed 9 June 2017 | |
| Mr M Ingall | Appointed 9 June 2017 | |
| Mr J Raine | Appointed 9 June 2017 | |
| Mr A Campbell | Appointed 9 June 2017 | Resigned 13 March 2018 |
| Mr S Lyell | Appointed 9 June 2017 | Resigned 13 March 2018 |

Small Company Rules

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

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

Auditors

BDO LLP, who were appointed as the company's first auditors in the period, have indicated their willingness to be reappointed for another term. A resolution to re-appoint them will be proposed at the annual general meeting

By order of the board

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Mr F P Graham-Watson

Director

Date 23 August 2018

Allied London Quay Street Two Limited
Auditor's Report
For the Period 8 June 2017 to 31 December 2017

Independent Auditors Report to Members of Allied London Quay Street Two Limited.

We have audited the financial statements of Allied London Quay Street Two Limited ("the Company") for the period 9 June 2017 to 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its 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. We are independent of the 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 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 Directors are responsible for the other information. The other information comprises the information included in the Directors report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 this 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial to prepare the financial statements in the accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirement to prepare the strategic report.

Allied London Quay Street Two Limited
Auditor's Report (continued)
For the Period 9 June 2017 to 31 December 2017

Responsibilities of Directors

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, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

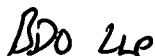
Auditor's responsibilities for the audit of the financial statements

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 at 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.



Charles Ellis (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Date 23 August 2018

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

Allied London Quay Street Two Limited
Statement of Comprehensive Income
For the Period 9 June 2017 to 31 December 2017

| | Notes | 2017 £ |
|---|----------|---------------------------|
| TURNOVER | | - |
| Cost of sales | | <u>(319,943)</u> |
| GROSS LOSS | | (319,943) |
| Administrative expenses | | <u>(6,507)</u> |
| OPERATING LOSS | 2 | (326,450) |
| Interest payable and similar charges | | <u>(728,452)</u> |
| LOSS BEFORE AND AFTER TAXATION BEING LOSS FOR THE FINANCIAL PERIOD | | <u>(1,054,902)</u> |
| Other comprehensive income | | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | <u>(1,054,902)</u> |
| All amounts relate to continuing activities | | |

Allied London Quay Street Two Limited
Statement of Financial Position
As at 31 December 2017

| Company No. 10812358 | | As at 31 December 2017 | |
|--|-------|----------------------------|----------------------------------|
| | Notes | £ | £ |
| FIXED ASSETS | | | |
| Tangible Assets | 4 | | 19,729,433 |
| | | | <u>19,729,433</u> |
| CURRENT ASSETS | | | |
| Debtors | 5 | 158,363 | |
| Cash at bank and in hand | | <u>1,251,978</u> | |
| | | 1,410,341 | |
| Creditors: Amounts Falling Due Within One Year | 6 | <u>(13,651,100)</u> | |
| NET CURRENT LIABILITIES | | | <u>(12,240,759)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>7,488,674</u> |
| Creditors: Amounts Falling Due After More Than One Year | 7 | <u>(8,543,476)</u> | |
| NET LIABILITIES | | | <u><u>(1,054,802)</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 8 | | 100 |
| Profit and Loss Account | | | <u>(1,054,902)</u> |
| SHAREHOLDERS' FUNDS | | | <u><u>(1,054,802)</u></u> |

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

These financial statements were approved by the board of directors and authorised for issue on

..... 

Mr F P Graham-Watson

Date 23 August 2018

Allied London Quay Street Two Limited
Statements of Changes in Equity
For the Period 9 June 2017 to 31 December 2017

| | Share Capital | Profit & Loss Account | Total |
|--|---------------|--------------------------|--------------------|
| | £ | £ | £ |
| As at 9 June 2017 | - | - | - |
| Shares issued on incorporation | 100 | - | 100 |
| Comprehensive income for the period | | | |
| Loss for the period | - | (1,054,902) | (1,054,902) |
| | <hr/> | <hr/> | <hr/> |
| As at 31 December 2017 | <u>100</u> | <u>(1,054,902)</u> | <u>(1,054,802)</u> |

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 1.6).

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

1.2 Financial Reporting Standard 102 – reduced disclosure exemptions

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

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

1.3. Investment Property

All investment properties are carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided for. Changes in fair value are recognised in the statement of comprehensive income.

1.4. Financial Instruments

Financial assets

Financial assets, other than investment property, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

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

1.5. Deferred Taxation

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

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

1.6. Contingent liability

A contingent liability is either a possible but uncertain obligation or a present obligation that is not recognised because it is either not probable or the obligation cannot be estimated reliably. A contingent liability is recognised within the note to the accounts unless the possibility of an outflow of resources is remote.

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

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

Investment properties are valued annually by the directors, who have significant experience in the investment of similar real estate, the property was acquired in the current year and there is deemed to be no movement in the value except for the costs incurred that are judged to of increased the value by the cost incurred.

The company has entered in to a Joint Venture Agreement whereby its investor will receive a share of any future proceeds on a future sale of the property. The directors believe there is an inevitable degree of judgement involved in the company's property valuation as the property is unique and there are many uncertain factors including the timing of any development of sale as well as the costs to complete that drive the ultimate proceeds from any sale of the property. At the date of signing the accounts, no liability for the potential investor's share of proceeds has been recognised in the Statement of Financial Position as it is deemed a value cannot be reliably estimated. A contingent liability has therefore been disclosed.

1.9. Going Concern

The directors have considered the financial position of the company in preparing these financial statements and note that it has net liabilities of £1,054,902 at 31 December 2017. The financial statements have been prepared on a going concern basis based on the directors conducting a comprehensive review of the company's affairs including, but not limited to:

- The company's financial position for the financial year ended 31 December 2017;
- The Loan facilities in place having a repayment date of 23 May 2020;
- £13,141,083 of the short term creditors being to related parties who have common directors and are not deemed significantly likely to be called in and who have confirmed that such loans will not be called that will not enable the company to settle obligations as they fall due;
- Significant events and transactions that have occurred relevant to the company since 31 December 2017;
- The cash flow forecast for the company for the period up to 30 September 2019;
- Profitability forecasts for the company for not only the next financial year, but beyond 30 September 2019;

2. Operating Profit

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

3. Average number of employees

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

| | Period to 31 December 2017 |
|-----------|---------------------------------------|
| Directors | 4 |
| | <u>4</u> |

4. Fixed Assets

| | Investment Properties £ |
|---------------------------|--|
| Cost | |
| As at 9 June 2017 | - |
| Additions | 19,729,433 |
| | <u>19,729,433</u> |
| As at 31 December 2017 | <u>19,729,433</u> |
| Net Book Value | |
| As at 31 December 2017 | 19,729,433 |
| As at 8 June 2017 | <u>-</u> |

The director, who have vast relevant property development experience, have assessed the fair value of the investment property to be reflective of costs incurred to date.

The fair value of investment property at 31 December 2017 was £19,729,433.

5. Debtors

| | 2017 £ |
|------------------------------------|-------------------|
| Due within one year | |
| Prepayments and accrued income | 154,247 |
| Other debtors | 4,016 |
| Amounts owed by group undertakings | 100 |
| | <u>158,363</u> |

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

Allied London Quay Street Two Limited
Notes to the Accounts (continued)
For the Period 9 June 2017 to 31 December 2017

| 6. Creditors: Amounts Falling Due Within One Year | 2017 |
|--|-------------------|
| | £ |
| Trade creditors | 329,141 |
| Accruals and deferred income | 180,876 |
| Amounts owed to group undertakings | 13,141,083 |
| | <u>13,651,100</u> |

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

| 7. Creditors: Amounts Falling Due After More Than One Year | 2017 |
|---|------------------|
| | £ |
| Bank Loans (secured) | 8,543,476 |
| | <u>8,543,476</u> |

There is a total available loan of £29,800,000. The loan is secured over the company's property and bears interest at 6%, with a redemption date of 23 May 2020. Within the loan balance is unamortised loan arrangement fees of £418,716.

8. Share Capital

| | Value | Number | Period to 31 December 2017 |
|---|--------------|---------------|---|
| | £ | | £ |
| Allotted, called up and fully paid | | | |
| Ordinary shares | <u>1</u> | <u>100</u> | <u>100</u> |

On incorporation on 9 June 2017, 100 Ordinary shares were issued at a par value of £1.

9. Related Party Transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102, "Related party disclosures" Section 33.1A not to disclose details of related party transactions with entities that are 100% owned members of the same group. There are no other related party transactions other than as disclosed.

Allied London Development Management Limited

The directors of the company are also directors of Allied London Development Management Limited.
At 31 December 2017, the company owed Allied London Development Management Limited £1,283,005.

Allied London Holdco Limited

The directors of the company are also directors of Allied London Holdco Limited.
At 31 December 2017, the company owed Allied London Limited £93,121.

10. Financial Instruments

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

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

| | 2017 |
|--|-------------------|
| | £ |
| Financial assets | |
| Financial assets measured at amortised cost | 1,256,094 |
| Financial liabilities | |
| Financial liabilities measured at amortised cost | <u>22,288,981</u> |

Financial assets measured at amortised cost comprise cash at bank, other debtors and amounts owed by group undertakings.

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

11. Ultimate Controlling Party

The company's immediate parent company is Allied London Quay Street One Limited. The directors consider the ultimate controlling party to be M Ingall, who is also a director of the company.

12. General Information

Allied London Quay Street Two Limited, registered number 10812358, is a limited by shares company incorporated in England & Wales.
The Registered Office is c/o Allied London No.1 Spinningfields, Level 12, 1 Hardman Square, Manchester, M3 3EB.