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**Esquire Realty (B) Limited**

Annual report and financial statements

Registered number 48690 (Guernsey)


Company number FC032024

UK establishment number BR017094

Year ended

30 June 2015

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A23	17/12/2015	#42
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## **Directors and Advisors**

Directors	David Manson Ted Smith
Company Number	48690 (Guernsey) FC032024
UK Establishment Number	BR017094
Registered Office	Frances House Sir William Place St Peter Port Guernsey GY1 4HQ
Auditors	KPMG LLP One Snow Hill Snow Hill Queensway Birmingham B4 6GH

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## Directors' report

The directors present their report and financial statements for the year ended 30 June 2015

### Principal activities and review of the business

The principal activity of the company was that of property rental to other group companies. On 31 December 2014, the company transferred all its property intragroup and has ceased to trade.

### Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend for the year.

### Directors

The following directors have held office since 1 July 2014:

David Manson  
Ted Smith

### Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

On 25 July 2014, KPMG LLP were appointed as auditor.

The auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Preparation of accounts on Going Concern basis

The Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements in note 1.

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

By order of the board

  
**David Manson**  
Director

Frances House  
Sir William Place  
St Peter Port  
Guernsey  
GY1 4HQ

8 December 2015

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 company will continue in business.

The directors are responsible for keeping proper 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 its financial statements comply with The Companies (Guernsey) Law 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Esquire Realty (B) Limited**

We have audited the financial statements of Esquire Realty (B) Limited for the year ended 30 June 2015 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Framework for Smaller Entities (effective April 2008) (UK Accounting Standards UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 Board of Directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the financial statements 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 30 June 2015 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- comply with the Companies (Guernsey) Law, 2008.

**Independent auditor's report to the members of Esquire Realty (B) Limited**  
*(continued)*

**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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion

- the Company has not kept proper accounting records, or
- the financial statements are not in agreement with the accounting records, or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report



**Stuart Smith (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

8 December 2015

*Chartered Accountants*  
*One Snowhill*  
*Snow Hill Queensway*  
*Birmingham*  
*B4 6GH*  
*United Kingdom*

**Profit and loss account**  
*for the year ended 30 June 2015*

	<i>Note</i>	<b>Year ended 30 June 2015 £'000</b>	<b>Year ended 30 June 2014 £'000</b>
<b>Turnover</b>	2	101	202
Administrative income (includes exceptional income of £Nil (2014 £6,323,000))	3	-	6,324
<b>Operating profit</b>		<b>101</b>	<b>6 526</b>
Interest payable and similar charges	4	(52)	(197)
<b>Profit on ordinary activities before taxation</b>	3	<b>49</b>	<b>6,329</b>
Taxation on profit on ordinary activities	5	1	(1)
<b>Profit for the financial period</b>	11	<b>50</b>	<b>6,328</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains or losses during the current or preceding year apart from the profit for the financial years shown above

**Note of historical cost profits and losses**  
*for the year ended 30 June 2015*

	<b>Year ended 30 June 2015 £'000</b>	<b>Year ended 30 June 2014 £'000</b>
<b>Retained profit on ordinary activities before taxation</b>	<b>49</b>	<b>6,329</b>
Realised loss on revaluation of property from previous years	(3,539)	-
<b>Historical cost (loss)/profit for the year before taxation</b>	<b>(3,490)</b>	<b>6,329</b>
<b>Historical cost (loss)/profit for the year after taxation</b>	<b>(3,489)</b>	<b>6,328</b>



**Balance Sheet**  
*at 30 June 2015*

	<i>Note</i>	30 June 2015		30 June 2014	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	6		-		3,100
<b>Current assets</b>					
Debtors	7	2,527		700	
Creditors amounts falling due within one year	8	(6)		(1,328)	
<b>Net current assets/(liabilities)</b>			<b>2,521</b>		<b>(628)</b>
<b>Total assets less current liabilities</b>			<b>2,521</b>		<b>2,472</b>
<b>Provisions</b>	9		-		(1)
<b>Net assets</b>			<b>2,521</b>		<b>2,471</b>
<b>Capital and reserves</b>					
Called up share capital	10		-		-
Profit and loss account	11		2,521		2,471
<b>Shareholders' funds</b>	12		<b>2,521</b>		<b>2,471</b>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the board of directors on 8 December 2015 and were signed on its behalf by



**David Manson**  
*Director*

Company registered number 48690

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

#### *Basis of accounting*

The financial statements are prepared under the historical cost convention, with the exception of freehold land and buildings, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

#### *Tangible fixed assets and depreciation*

##### *Valuation*

Trading properties are re-valued professionally by independent valuers on a five year rolling basis

Surpluses arising from the professional valuation are taken directly to the revaluation reserve. Valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss account reserve

Any deficit arising from the professional valuation of properties is taken directly to the revaluation reserve until the carrying amount reaches historical cost and thereafter, to the extent that the value in use can be demonstrated to be higher than valuation. Any other deficit arising is charged to the profit and loss account

##### *Depreciation*

Depreciation is charged on a straight line basis on freehold and long leasehold buildings over the estimated useful life of the asset. It is the company's policy to maintain the properties comprising the estate in such a condition that the residual values of the properties, based on prices prevailing at the time of acquisition or subsequent revaluation, are at least equal to their book values. As a result, the depreciation charged on freehold and long leasehold buildings is nil

It is the opinion of the directors that it is not practical or appropriate to separate from the value of the buildings the value of long life fixtures and fittings, which are an integral part of the buildings

An annual impairment review is carried out on such properties in accordance with FRS 11 and FRS 15

##### *Cash flow statement*

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated Financial Statements

##### *Going concern*

The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. They have concluded that the Company has adequate resources to operate for the foreseeable future. In making this assessment the Directors have considered forecasts which take into account reasonably possible changes in trading performance

Details of the Group's business activities, together with the factors likely to affect its future trading performance and financial position are set out in the Strategic Report of Embrace Group Limited. In addition to the funding already drawn, as at 30 June 2015, the Group had a further £13 million over two facilities available to be drawn if required. Accordingly, the Directors have adopted the going concern basis in the preparation of the financial statements

##### *Provisions*

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability

##### *Deferred taxation*

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

## Notes (continued)

### 2 Turnover

Revenue comprises the fair value of rental income receivable for the year in respect of properties occupied by tenants and is recognised in respect of the days that properties have been occupied in the relevant period

### 3 Profit on ordinary activities before taxation

Audit fees for the year ended 30 June 2015 of £2,000 (2014 £2,000) have been borne by a fellow subsidiary undertaking, Embrace All Limited. Fees paid to KPMG LLP and its associates for non-audit services to the company itself are not disclosed because Embrace Group Limited is required to disclose such fees on a consolidated basis.

Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
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*Exceptional items credited to the profit and loss account is comprised of:*

#### *Administrative*

Release of intercompany balances <sup>1</sup>	-	(6,322)
Release of balances due to former group companies	-	(1)

<sup>1</sup> The credit arose from the formal releases of inter-company balances as part of an ongoing group restructuring and simplification process.

### 4 Interest payable and similar charges

Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
On bank loans and overdrafts	91
Other interest	85
Intercompany interest	21
<b>52</b>	<b>197</b>

**Notes (continued)**

**5 Taxation**

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Deferred tax		
Prior year (credit)/charge	(1)	1
	<u>          </u>	<u>          </u>

On the basis of these financial statements, no provision has been made for corporation tax

**6 Tangible fixed assets**

	Land and buildings £'000
<i>Cost</i>	
At beginning of year	3,100
Disposals	(3,100)
	<u>          </u>
At end of year	-
	<u>          </u>
<i>Depreciation</i>	
At beginning and end of year	-
	<u>          </u>
<i>Net book value</i>	
At 30 June 2015	-
	<u>          </u>
At 30 June 2014	3,100
	<u>          </u>

All of the disposals were transfers to fellow group companies

**7 Debtors**

	30 June 2015 £'000	30 June 2014 £'000
Amounts owed by parent and fellow subsidiary undertakings	2,527	699
Other debtors	-	1
	<u>          </u>	<u>          </u>
	2,527	700
	<u>          </u>	<u>          </u>

## Notes (continued)

### 8 Creditors: amounts falling due within one year

	30 June 2015 £'000	30 June 2014 £'000
Amounts owed to parent and fellow subsidiary undertakings	6	1,327
Other creditors	-	1
	<u>6</u>	<u>1,328</u>

### 9 Provisions

	Deferred tax £'000
At beginning of year	1
Credit for the year	(1)
	<u>-</u>
At end of year	<u>-</u>

	30 June 2015 £'000	30 June 2014 £'000
Accelerated capital allowances	-	1
	<u>-</u>	<u>1</u>

### 10 Called up share capital

	30 June 2015 £	30 June 2014 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

### 11 Reserves

	Profit and loss account £'000
At beginning of year	2,471
Profit for the financial year	50
	<u>2,521</u>
At end of year	<u>2,521</u>

. . .

## Notes (continued)

### 12 Reconciliation of movements in shareholders' funds/(deficit)

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Profit for the financial year	50	6,328
Opening shareholders' funds/(deficit)	2,471	(3,857)
	<hr/>	<hr/>
Closing shareholders' funds	2,521	2,471
	<hr/>	<hr/>

### 13 Remuneration of directors

The directors of the company are paid by Embrace All Limited. Details of their remuneration are disclosed in that company's financial statements.

### 14 Related party disclosures

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by Embrace Group Limited.

### 15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Directors regard Embrace Realty Scotland Limited (formerly Esquire Realty (Scotland) Limited), a company registered in Scotland, as the immediate parent company of Esquire Realty (B) Limited, and Embrace Group Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. Embrace Group Limited is beneficially owned by funds managed by Vårde Partners and D E Shaw & Co and therefore the directors consider there to be no ultimate controlling party of the group.

### 16 Post balance sheet events

There are no post balance sheet events requiring disclosure under FRS 21.