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Company Registration No. 43568 (Guernsey)
Company No. FC032032
UK establishment No. BR017102

ESQUIRE REALTY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

ESQUIRE REALTY GROUP LIMITED

COMPANY INFORMATION

Directors	David Manson Ted Smith
Company number	43568
Registered office	Frances House Sir William Place St Peter Port Guernsey GY1 4HQ
Auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

ESQUIRE REALTY GROUP LIMITED

CONTENTS

ESQUIRE REALTY GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present their annual report and financial statements for the year ended 30 June 2016.

Principal activities
The principal activity of the company continued to be that of a holding company.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

David Manson
Ted Smith

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

No interim dividends were paid. The directors do not recommend payment of a final dividend.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

David Manson
Director
6 December 2016

ESQUIRE REALTY GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

The directors are responsible for preparing the annual 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 Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and applicable law. The financial statements are required by law to 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 judgements and accounting 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 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 company and enable them to ensure that the 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.

ESQUIRE REALTY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF ESQUIRE REALTY GROUP LIMITED

We have audited the financial statements of Esquire Realty Group Limited for the year ended 30 June 2016 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 directors; and the overall presentation of the financial statements.

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 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- comply with the Companies (Guernsey) Law, 2008.

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
- certain disclosures of directors' remuneration specified by law are not made; 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.

S. Smith

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

6 December 2016

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

ESQUIRE REALTY GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £'000	2015 £'000
Interest receivable and similar income	4	-	2,808
Interest payable and similar expenses	5	-	(2,808)
Profit before taxation		-	-
Taxation		-	-
Profit for the financial year		-	-

There was no other comprehensive income for the year.

ESQUIRE REALTY GROUP LIMITED

BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Investments	6		-		-
Current assets					
Debtors	8	8,668		8,668	
Creditors: amounts falling due within one year	9	(2,737)		(2,737)	
Net current assets			5,931		5,931
Capital and reserves					
Called up share capital	10		-		-
Profit and loss reserve			5,931		5,931
Total equity			5,931		5,931

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

The financial statements were approved by the board of directors and authorised for issue on 6 December 2016 and are signed on its behalf by:

David Manson
Director

Company Registration No. 43568

1 Accounting policies

Company information

Esquire Realty Group Limited is a private company limited by shares incorporated in Guernsey. The registered office is Frances House, Sir William Place, St Peter Port, Guernsey, GY1 4HQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £'000.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 June 2016 are the first financial statements of Esquire Realty Group Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Embrace Group Limited. These consolidated financial statements are available from its registered office, Two Parklands Business Park, Great Park, Rubery, Birmingham B45 9PZ.

1 Accounting policies **(Continued)**

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Esquire Realty Group Limited is a wholly owned subsidiary of Embrace Group Limited and the results of Esquire Realty Group Limited are included in the consolidated financial statements of Embrace Group Limited.

1.2 Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the reasons set out below. The company is a 100% owned subsidiary of Embrace Group Limited (the Group).

The main part of the Group's financing arrangements comprise a bank loan provided by Barclays Bank plc of £32.7 million at the year end and other facilities of £98.0 million at the year-end provided by certain shareholders. The Group also has a facility of £10 million provided by certain shareholders, none of which none is drawn down at year end. Funding arrangements between the Group's sponsoring bank and the Company came into force in March 2015 and will remain in place until 31 March 2020. Of the shareholder loans, £33.0 million are repayable in 2018 (along with the £10.0 million facility noted above) and £65.1 million are repayable in April 2024.

The Directors have prepared trading and cash flow forecasts for a period of at least one year from the date of approval of these financial statements. These forecasts make assumptions in respect of future trading conditions which they believe are reasonable and have been prepared with due consideration to the economic environment and to risks regarding the timing and extent of cash flows. The directors acknowledge that as with any forecasting, there is a degree of uncertainty as to the assumptions underlying the projections. On the basis of these forecasts and the accompanying covenant compliance forecasts the Group is expected to meet its liabilities as they fall due for the foreseeable future and thus be in a position to support the Company should this be necessary. For these reasons the directors consider it appropriate to prepare the financial statements on a going concern basis and have satisfied themselves that the Company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Auditor's remuneration

Audit fees for the year ended 30 June 2016 of £2,000 (2015: £2,000) have been borne by a fellow subsidiary undertaking, Embrace All Limited. Fees paid to KPMG LLP for non audit services have not been disclosed because Embrace Group Limited is required to disclose such fees on a consolidated basis.

3 Directors' remuneration

The directors received no remuneration for qualifying services in relation to the Company during the year. The directors are paid by Embrace All Limited. Details of their remuneration are disclosed in the Group's financial statements, Embrace Group Limited.

4 Interest receivable and similar income

	2016	2015
	£'000	£'000
Interest receivable and similar income includes the following:		
Intercompany interest	-	2,808

Interest accrues at 8% on an intercompany loan.

5 Interest payable and similar expenses

	2016	2015
	£'000	£'000
Interest payable and similar expenses includes the following:		
Intercompany interest	-	2,808

Interest accrues at 8% on an intercompany loan.

6 Fixed asset investments

Investments represent £103 of share capital held in subsidiaries.

7 Subsidiaries

Details of the company's subsidiaries at 30 June 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held
Esquire Realty (III) Limited	Guernsey	Holding company	Ordinary	100
Embrace Realty Houses C Limited	England & Wales	Non-trading	Ordinary	100

8 Debtors

	2016	2015
Amounts falling due within one year:	**£'000**	**£'000**
Amounts due from parent and fellow subsidiary undertakings	8,668	8,668

9 Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Amounts due to parent and fellow subsidiary undertakings	2,737	2,737

10 Called up share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

11 Events after the reporting date

There are no post balance sheet events requiring disclosure under FRS 102.

12 Parent company

The immediate parent company is Embrace Limited, a company registered in England and Wales, and the ultimate parent company is Embrace Group Limited, a company registered in England and Wales. Embrace Group Limited is beneficially owned by funds managed by Värde Partners and D.E. Shaw & Co and therefore the directors consider there to be no ultimate controlling party of the group.

13 Transition to FRS 102

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the accounts for the period 30 June 2016, the comparative information presented in these financial statements for the year ended 30 June 2015 and in the preparation of an opening FRS 102 balance sheet at 1 July 2014 (the Company's date of transition).

In preparing its FRS 102 balance sheet, the Company has considered the amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position, financial performance and cash flows is set out below:

Income statement

The transition from UK GAAP to FRS 102 results in no change to the reported profit and loss for year ended 30 June 2015.

Balance sheet

The transition from UK GAAP to FRS 102 results in no change to the opening balance sheet at 1 July 2014 nor to the comparative balance sheet at 30 June 2015.