

NORTHACRE PLC

Company No: 03442280

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31<sup>ST</sup> DECEMBER 2015



## Company Information

**Company number:** 03442280  
Registered in England and Wales

**Registered office:** 8 Albion Riverside  
8 Hester Road  
London  
SW11 4AX

**Directors:** N. Barattieri di San Pietro  
K.B. Nilsson (Non-executive Chairman)  
E.B. Harris (Non-executive Director)  
F.T. Khan  
M. Kheriba

**Secretary:** Capita Company Secretarial Services Limited  
1<sup>st</sup> Floor  
40 Dukes Place  
London  
EC3A 7NH

**Bankers:** Royal Bank of Scotland  
29 Old Brompton Road  
London  
SW7 3JE

**Auditors:** Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**Nominated adviser and broker:** finnCap Limited  
60 New Broad Street  
London  
EC2M 1JJ

**Registrars:** Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

**Solicitors:** Berwin Leighton Paisner LLP  
Adelaide House  
London Bridge  
London  
EC4R 9HA

**Corporate website:** [www.northacre.com](http://www.northacre.com)

# Strategic Report

## For the year ended 31<sup>st</sup> December 2015

The Directors present their Strategic Report for the year ended 31<sup>st</sup> December 2015.

### Review of the business

Northacre PLC (the "Company") is the Group's holding company. The principal activity of its operating subsidiaries is property development, development management and the provision of architectural and interior design services for high quality residential property schemes.

### Results and performance

The results of the Group for the year are set out in the Consolidated Income Statement and in the Consolidated Statement of Comprehensive Income on pages 8 and 9.

Net assets per share is 54.83 pence (2014: 57.59 pence). Net loss for the period before taxation is £1.2m (2014 net loss: £1,858) with a loss per share after taxation of 2.75 pence (2014: 0.62 pence profit per share).

#### *Consolidated Income Statement*

The Group's revenue for the year is £4.2m (2014: £3.9m) representing fee income rather than development income. Operating loss for the year is £1.2m (2014: £0.5m). Administrative expenses for the year increased to £4.7m (2014: £4.4m). Investment revenue is £nil (2014: £0.5m) with 2014 being dividends received from the 33 Thurloe Square Development. After including the above items the Group recorded a loss before taxation of £1.2m (2014 loss: £1,858).

#### *Consolidated Statement of Financial Position*

The investment in available for sale financial assets at the beginning and at the end of the year represented the equity investment in the 1 Palace Street Development and 33 Thurloe Square Development.

In accordance with IAS 39 'Financial Instruments: Recognition and Measurement', available for sale financial assets are shown at fair value at each reporting date with changes in fair value being shown as Other Comprehensive Income, or at cost less any necessary provision for impairment where a reliable estimate of fair value is not able to be determined.

The Group continues to seek further development opportunities in London that will maximise returns to shareholders.

#### *Financing*

In the prior period, the Group secured a loan facility of up to £3.2m with Royal Bank of Scotland to finance the 22 Prince Edward Mansions Development of which £2.4m had been drawn at 31<sup>st</sup> December 2015 (2014: £1.0m).

The Group had cash of £1.2m at 31<sup>st</sup> December 2015 (2014: £2.5m), with debt of £2.4m (2014: £1.0m) and the Group has not drawn down any further loan facility since the year end.

#### *Key performance indicators ("KPI's")*

Despite the fact that the Group does not have specific KPI's set in place, management reviews the Group's performance by reviewing the monthly EBITDA (earnings before interest, tax, amortisation, depreciation and impairment of assets), cash projections, growth in revenue and gross profit. The reviews in the year concluded that the positive and improving trend in revenue income and budgeted future growth was consistent with the Directors' expectations.

#### *Principal risks and uncertainties*

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and on-going review by management. Compliance with regulation, legal and ethical standards is a high priority for the Group and the Group's finance department takes on an important oversight role in this regard. The Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

The nature of the Group's business makes it subject to a number of risks. The Directors have set out below the principal risks facing the business:

##### *Changes in the UK tax system and government policy towards foreign ownership of property*

The Group's philosophy and track record of delivery and branding are key components to unlocking the significant uplifts in sales revenues which consistently outperform market comparisons. Major contributors to the strength and expansion of the Northacre PLC residential market have been a very favourable tax system for foreigners and any adverse changes could potentially reduce property sale prices. The introduction of the 'Google Tax' on 1<sup>st</sup> April 2015 may have implications for the Group which management are currently assessing.

##### *Continued increase of hard construction costs*

The last two years have seen a constant rise in hard construction costs along with expansion of General Contractor profit margins. The Group is of the view that construction inflation has peaked, however should it continue to rise, it will reduce the overall profitability of our developments. The Group continues to carry out extensive tendering processes and actively develop strong working relations with contractors.

##### *Reduction of high end transactions in the Prime Central London residential market*

The market has witnessed a slowdown in sales at the higher end of the market which is starting to affect certain non-Northacre developments. It should be noted that sales levels of the Group's developments has continued to be strong mainly due to our overall strong product however, the Group continues to closely monitor the market.

##### *Management controls*

The ability of the Group to implement its strategy in a competitive market requires effective planning and management control systems. The Group's future growth will depend upon its ability to expand whilst managing operational, financial and management risk.

##### *Liquidity risk*

The current uncertain economic climate may impact the Group's cash flows and therefore its ability to pay its creditors as they fall due. A principal responsibility of management is to manage liquidity risk. The Group uses annual budgeting, forecasting and regular performance reviews to assess the longer term profitability of the Group and make strategic and commercial changes as required ensuring cash resources are maintained. During the period under review the Group utilised £2.4m of the loan facility of up to £3.2m and the Group regularly prepares cash flow forecasts which are reviewed at Board meetings to monitor liquidity.

## Strategic Report For the year ended 31<sup>st</sup> December 2015 (Continued)

### *Credit risk*

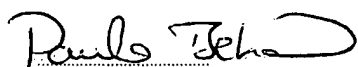
The Group's principal financial assets are bank deposits and cash. The credit risk associated with the bank deposits and cash is limited as the counterparties have high credit ratings assigned by credit-rating agencies. Whilst historically credit risk has been low management continuously monitors its financial assets.

### *Dependencies on key executives and personnel*

The Group's strength lays in the expertise and experience of its development management, architectural and interior design teams. The Group has incentivised all key and senior personnel with attractive basic packages. The Directors are also planning to implement a long term incentive plan to retain quality key employees.

The Board of Directors carries out risk management as outlined in Note 2 to the Consolidated Financial Statements.

By Order of the Board



Capita Company Secretarial Services Limited  
Corporate Secretary

Date: 29<sup>th</sup> April 2016

## Directors' Report

### For the year ended 31<sup>st</sup> December 2015

The Directors have pleasure in presenting their Directors' Report and Group financial statements for the year ended 31<sup>st</sup> December 2015.

In accordance with s414 c(11) of the Companies Act 2006 the Directors have chosen to include information about future developments and principal risks and uncertainties in the Strategic Report.

#### Dividends

No final dividend has been declared prior to the approval of these financial statements and the Board will continue to actively consider the payment of dividends.

#### Directors and their interests

The Directors who served the Company during the year together with their interests (including family interests) in the shares of the Company, at the beginning and end of the year, were as follows:

	Number of Issued 2.5p Ordinary Shares		% of Ordinary Shares
	At	At	
	31 <sup>st</sup> December 2015	31 <sup>st</sup> December 2014	
K.B. Nilsson	-	-	-
E.B. Harris	-	-	-
J. Alseddiqi (resigned 3 <sup>rd</sup> November 2015)	-	-	-
M. Kheriba	-	-	-
N. Barattieri di San Pietro	-	-	-
F. Tariq Khan (appointed 3 <sup>rd</sup> November 2015)	-	-	-

J. Alseddiqi has a shareholding in Abu Dhabi Financial Group LLC, the Group's ultimate parent company and therefore has an indirect interest in the shares of the Company. There has been no change in the interests of Directors since 31<sup>st</sup> December 2015 and up to the date of this report.

#### Substantial shareholdings

As at 8<sup>th</sup> April 2016, the Company had been notified of the following holdings in excess of 3% of the Ordinary share capital of the Company:

Spadille Limited	68.84%
Middle Eastern Properties Limited	25.45%
Mr Ahmed Ali Mukhtar Al Yousuf	3.57%

#### Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

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 Group and of the Company and the financial performance and cash flows of the Group for that year.

In preparing those 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 in preparation of the Group and Company financial statements the Group has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements; and
- prepare the accounts 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## **Directors' Report**

### **For the year ended 31<sup>st</sup> December 2015 (Continued)**

#### **Statement of compliance in respect of the UK Corporate Governance Code**

The principles of corporate governance and a code of best practice are set out in the UK Corporate Governance Code (UKCGC) issued in September 2014. The UKCGC requires certain disclosures to be made and although, as an AIM company, it is not obliged to report its compliance with UKCGC, the Company is committed to high standards of corporate governance throughout the Group and meeting the disclosure requirements as far as is reasonably practicable for a Group of this size.

#### **The Board of Directors**

At the date of this report, the Group Board was made up of three executive and two non-executive Directors. The Board of Directors is responsible for the management, overall strategy and direction of the Group and meets regularly throughout the year. At each meeting a proper agenda is presented noting all the matters that require discussion and approval by the Directors. Generally the information available for discussion consists of project and financial updates.

The Board reserves the right to approve key decisions to ensure it retains proper control and direction of the Group whilst delegating authority to individual Directors who are responsible for day-to-day management of the business.

All Directors have, at the Company's expense, access to the services of the Company Secretary and where necessary, appropriate independent professional advisors.

#### **Board appointments**

All appointments to the Board are discussed at a full board meeting and each member is given the opportunity to meet the individual concerned prior to the appointment being made.

As permitted by the UKCGC, due to the small size of the Board, it is not considered appropriate to establish a Nominations Committee.

#### **The Remuneration Committee**

The Remuneration Committee is composed of one executive and one non-executive Director with advice sought, where necessary, from the Chief Executive Officer and the Company Secretary. It meets as required during the financial year to carry out its responsibility of reviewing the performance of the executive Directors and setting the scale and structure of their remuneration packages.

The Company operates within a competitive environment and its performance and success depends on the performance of certain key Directors and employees. Executive remuneration packages are designed to attract, motivate, and retain Directors of the calibre to maintain the Company's position at the forefront of the prime residential sector.

The remuneration packages of individual Directors are structured so that the performance related elements form a more significant proportion of the total packages in order that they are aligned with the interests of the shareholders.

It is a rule of the Remuneration Committee that a Director shall not participate in the decision making in his/her remuneration.

#### **The Audit Committee**

The Audit Committee is composed of one executive and two non-executive Directors. The Audit Committee was formed by the Board of Directors to establish formal and transparent arrangements for considering how the financial reporting and internal control principles should be applied, and for maintaining an appropriate relationship with the Group's auditors.

#### **Re-election of Directors**

Directors retire by rotation in accordance with the Company's Articles of Association, which prescribe that at every Annual General Meeting one third of the Directors for the time being shall retire from office. Non-executive Directors are appointed initially on a three year term with a written notice period of three months by either party.

#### **Shareholder relations**

The Company maintains a website ([www.northacre.com](http://www.northacre.com)) where the Group's statutory accounts and announcements will be available. The website conforms to the requirements of AIM Rule 26 and all the relevant information can be found there. Queries raised by any shareholder are responded by the appropriate personnel in the Group.

#### **Internal control**

The Board of Directors has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The purpose of the system of internal control is to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority. In particular there are detailed procedures for capital investment into new development schemes and the approval of financial reporting. The Board has reviewed the need for an internal audit team and concluded that given the size of the Group it is not currently appropriate to employ such a function.

The Board has an Authority matrix which is designed to establish internal controls over payment approvals and the execution of legal agreements, representing a further risk management mechanism.

## Directors' Report For the year ended 31<sup>st</sup> December 2015 (Continued)

### Statement of disclosure to auditors

(a) so far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware; and

(b) 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 Group's auditors are aware of that information.

### Auditors

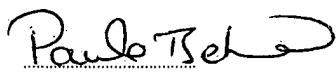
Kingston Smith LLP have indicated their willingness to continue in office and, in accordance with section 489 of the Companies Act 2006, a resolution proposing that Kingston Smith LLP be re-appointed as auditors of the Group will be put to the Annual General Meeting.

### Annual General Meeting

Accompanying this report is the Notice of the Annual General Meeting which sets out the resolutions for the meeting.

The Directors consider all the resolutions to be put to the meeting to be in the best interests of Northacre PLC and its shareholders as a whole, and accordingly recommend shareholders vote in favour of them.

### By Order of the Board



Capita Company Secretarial Services Limited  
Corporate Secretary

Date: 29<sup>th</sup> April 2016

# Independent Auditors' Report to the Shareholders of Northacre Plc

## For the year ended 31<sup>st</sup> December 2015

We have audited the Group and Parent Company financial statements of Northacre PLC for the year ended 31<sup>st</sup> December 2015, which comprise the Consolidated Income Statement, Consolidated and Company Statements of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated and Company Statements of Cash Flows, Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

### Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Report (set out on pages 4 to 6) 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 (APB'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 Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31<sup>st</sup> December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

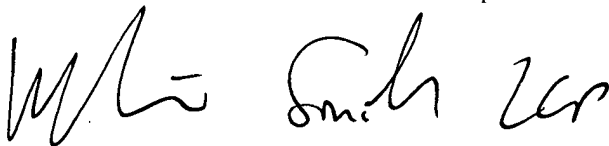
In our opinion:

- the information given in the Strategic Report and Directors' Report for the financial year 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 Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, 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.



Matthew Meadows  
Senior Statutory Auditor  
For and on behalf of Kingston Smith LLP  
Chartered Accountants  
Statutory Auditor

Devonshire House  
60 Goswell Road  
London EC1M 7AD  
Date: 29<sup>th</sup> April 2016



**Consolidated Income Statement**  
**For the year ended 31<sup>st</sup> December 2015**

	Note	Year ended 31 <sup>st</sup> Dec 2015	10 months ended 31 <sup>st</sup> Dec 2014
		£	£
<b>Group</b>			
<b>Group revenue</b>	3	4,170,897	3,856,841
Cost of sales		<u>(632,091)</u>	<u>25,092</u>
<b>Gross profit</b>		3,538,806	3,881,933
Administrative expenses		<u>(4,696,995)</u>	<u>(4,377,515)</u>
<b>Group loss from operations</b>		(1,158,189)	(495,582)
Investment revenue	4	1,847	493,727
Finance costs	5	-	(3)
<b>Loss for the year before taxation</b>	6	(1,156,342)	(1,858)
Taxation	8	<u>(9,210)</u>	<u>266,095</u>
<b>(Loss)/Profit for the year attributable to equity holders of the Company</b>		<u>(1,165,552)</u>	<u>264,237</u>
<b>(Loss)/Profit per Ordinary share</b>			
Basic - Continuing and total operations	20	(2.75)p	0.62p
Diluted - Continuing and total operations	20	(2.75)p	0.62p
<b>Company</b>			
<b>(Loss)/Profit for the year attributable to equity holders of the Company</b>		<u>(3,349,908)</u>	<u>5,402,344</u>

**Consolidated Statement of Comprehensive Income  
For the year ended 31<sup>st</sup> December 2015**

	Note	Year ended 31 <sup>st</sup> Dec 2015	10 months ended 31 <sup>st</sup> Dec 2014
		£	£
<b>Group</b>			
(Loss)/Profit for the period attributable to equity holders of the Company		<u>(1,165,552)</u>	<u>264,237</u>
Other comprehensive income:		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/profit for the period</b>		<u><u>(1,165,552)</u></u>	<u><u>264,237</u></u>
 <b>Company</b>			
(Loss)/Profit for the year attributable to equity holders of the Company		<u>(3,349,908)</u>	<u>5,402,344</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/profit for the period</b>	9	<u><u>(3,349,908)</u></u>	<u><u>5,402,344</u></u>

**Consolidated Statement of Financial Position**  
**As at 31<sup>st</sup> December 2015**

	Note	31 <sup>st</sup> Dec 2015 £	31 <sup>st</sup> Dec 2014 £
<b>Non-current assets</b>			
Goodwill	10	8,007,417	8,007,417
Property, plant and equipment	11	595,525	721,525
Available for sale financial assets	12(a)	<u>10,000,019</u>	<u>10,000,019</u>
		<u>18,602,961</u>	<u>18,728,961</u>
<b>Current assets</b>			
Inventories	13	5,242,259	4,192,123
Trade and other receivables	14	2,116,491	787,210
Cash and cash equivalents		<u>1,205,024</u>	<u>2,510,305</u>
		<u>8,563,774</u>	<u>7,489,638</u>
<b>Total assets</b>		<u><u>27,166,735</u></u>	<u><u>26,218,599</u></u>
<b>Current liabilities</b>			
Trade and other payables	15	1,602,072	838,384
Borrowings, including lease finance	16	<u>2,350,000</u>	<u>1,000,000</u>
		<u>3,952,072</u>	<u>1,838,384</u>
<b>Total liabilities</b>		<u>3,952,072</u>	<u>1,838,384</u>
<b>Equity</b>			
Share capital	21	1,058,388	1,058,388
Share premium account	21	22,565,286	22,565,286
Retained earnings		<u>(409,011)</u>	<u>756,541</u>
<b>Total equity</b>		<u>23,214,663</u>	<u>24,380,215</u>
<b>Total equity and liabilities</b>		<u><u>27,166,735</u></u>	<u><u>26,218,599</u></u>

Approved by the Board on 29<sup>th</sup> April 2016

N. Barattieri di San Pietro..... *Niccolò Barattieri di San Pietro*  
 Director  
 Company registration no. 03442280

**Company Statement of Financial Position  
As at 31<sup>st</sup> December 2015**

	Note	31 <sup>st</sup> Dec 2015 £	31 <sup>st</sup> Dec 2014 £
<b>Non-current assets</b>			
Property, plant and equipment	11	615,358	728,963
Investments	12(b)	<u>18,006,328</u>	<u>18,006,328</u>
		<u>18,621,686</u>	<u>18,735,291</u>
<b>Current assets</b>			
Trade and other receivables	14	6,391,113	8,999,218
Cash and cash equivalents		<u>559,542</u>	<u>1,036,842</u>
		<u>6,950,655</u>	<u>10,036,060</u>
<b>Total assets</b>		<u><u>25,572,341</u></u>	<u><u>28,771,351</u></u>
<b>Current liabilities</b>			
Trade and other payables	15	1,726,971	1,576,073
Borrowings, including lease finance	16	<u>-</u>	<u>-</u>
		<u>1,726,971</u>	<u>1,576,073</u>
<b>Total liabilities</b>		<u>1,726,971</u>	<u>1,576,073</u>
<b>Equity</b>			
Share capital	21	1,058,388	1,058,388
Share premium account	21	22,565,286	22,565,286
Retained earnings		<u>221,696</u>	<u>3,571,604</u>
<b>Total equity</b>		<u>23,845,370</u>	<u>27,195,278</u>
<b>Total equity and liabilities</b>		<u><u>25,572,341</u></u>	<u><u>28,771,351</u></u>

Approved by the Board on 29<sup>th</sup> April 2016

N. Barattieri di San Pietro.....  
Director  
Company registration no. 03442280

*Niccolò Barattieri di S. Pietro*

**Consolidated and Company Statements of Cash Flows**  
**For the year ended 31<sup>st</sup> December 2015**

	Group		Company	
	Year ended 31 <sup>st</sup> Dec 2015	10 months ended 31 <sup>st</sup> Dec 2014	Year ended 31 <sup>st</sup> Dec 2015	10 months ended 31 <sup>st</sup> Dec 2014
	£	£	£	£
<b>Cash flows from operating activities</b>				
(Loss)/profit for the year before tax	(1,156,342)	(1,858)	(3,349,908)	5,350,239
Adjustments for:				
Investment revenue	(1,847)	(493,727)	(1,847)	(7,763,727)
Finance costs	-	3	-	-
Depreciation and amortisation	144,141	125,037	113,605	94,670
Increase in inventories	(1,050,136)	(4,023,564)	-	-
(Increase)/decrease in trade and other receivables	(1,338,491)	5,893,986	2,608,105	326,464
Increase/(decrease) in trade and other payables	763,688	(5,790,636)	150,898	(8,166,245)
<b>Cash used in operations</b>	<b>(2,638,987)</b>	<b>(4,290,759)</b>	<b>(479,147)</b>	<b>(10,158,599)</b>
Interest paid	-	(3)	-	-
Corporation tax - consortium relief refunded	-	266,095	-	798,173
<b>Net cash used in operating activities</b>	<b>(2,638,987)</b>	<b>(4,024,667)</b>	<b>(479,147)</b>	<b>(9,360,426)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant & equipment	(18,141)	(23,823)	-	-
Increase in available for sale financial assets/investments	-	(1,175,360)	-	(1,175,360)
Interest received	1,847	64,854	1,847	64,854
Dividends received	-	428,873	-	7,698,873
<b>Net cash (used in)/generated from investing activities</b>	<b>(16,294)</b>	<b>(705,456)</b>	<b>1,847</b>	<b>6,588,367</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	1,350,000	1,000,000	-	-
Dividends paid	-	(14,999,481)	-	(14,999,481)
<b>Net cash generated from/(used in) financing activities</b>	<b>1,350,000</b>	<b>(13,999,481)</b>	<b>-</b>	<b>(14,999,481)</b>
Decrease in cash and cash equivalents	(1,305,281)	(18,729,604)	(477,300)	(17,771,540)
Cash and cash equivalents at the beginning of the year/period	2,510,305	21,239,909	1,036,842	18,808,382
<b>Cash and cash equivalents at the end of the year/period</b>	<b>1,205,024</b>	<b>2,510,305</b>	<b>559,542</b>	<b>1,036,842</b>

**Consolidated and Company Statements of Changes in Equity  
For the year ended 31<sup>st</sup> December 2015**

<b>Group</b>	<b>Called Up Share Capital</b>	<b>Share Premium Account</b>	<b>Merger Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 <sup>st</sup> March 2014	1,058,388	22,565,286	8,086,293	7,405,492	39,115,459
Profit for the period	-	-	-	264,237	264,237
Transactions with owners of the Company:					
Dividends	-	-	(8,086,293)	(6,913,188)	(14,999,481)
As at 31 <sup>st</sup> December 2014	<u>1,058,388</u>	<u>22,565,286</u>	<u>-</u>	<u>756,541</u>	<u>24,380,215</u>
As at 1 <sup>st</sup> January 2015	1,058,388	22,565,286	-	756,541	24,380,215
Loss for the period	-	-	-	(1,165,552)	(1,165,552)
As at 31 <sup>st</sup> December 2015	<u>1,058,388</u>	<u>22,565,286</u>	<u>-</u>	<u>(409,011)</u>	<u>23,214,663</u>

<b>Company</b>	<b>Called Up Share Capital</b>	<b>Share Premium Account</b>	<b>Merger Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 <sup>st</sup> March 2014	1,058,388	22,565,286	8,086,293	5,082,448	36,792,415
Total comprehensive profit for the period	-	-	-	5,402,344	5,402,344
Transactions with owners of the Company:					
Dividends	-	-	(8,086,293)	(6,913,188)	(14,999,481)
As at 31 <sup>st</sup> December 2014	<u>1,058,388</u>	<u>22,565,286</u>	<u>-</u>	<u>3,571,604</u>	<u>27,195,278</u>
As at 1 <sup>st</sup> January 2015	1,058,388	22,565,286	-	3,571,604	27,195,278
Total comprehensive loss for the period	-	-	-	(3,349,908)	(3,349,908)
As at 31 <sup>st</sup> December 2015	<u>1,058,388</u>	<u>22,565,286</u>	<u>-</u>	<u>221,696</u>	<u>23,845,370</u>

# Notes to the Consolidated Financial Statements

## For the year ended 31<sup>st</sup> December 2015

### 1. Principal accounting policies

The principal accounting policies are as follows:

#### Accounting basis and standards

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Company and its subsidiaries in the prior period shortened their reporting periods to 31<sup>st</sup> December 2014 to be co-terminous with the ultimate parent undertaking Abu Dhabi Financial Group LLC. The amounts presented in the financial statements for the 10 month period ended 31<sup>st</sup> December 2014 are thus not entirely comparable to the year ended 31<sup>st</sup> December 2015.

During the year ended 31<sup>st</sup> December 2015 the Group adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards, including IAS19. These new standards and changes did not have any material impact on the Company's financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the Group for the first time for the financial year beginning 1<sup>st</sup> January 2016, but are not currently considered to be relevant to the Group (although they may affect the accounting for future transactions and events):

- IAS16 (Amended), 'Property, Plant and Equipment' and IAS 38 (Amended), 'Intangible Assets', issued in May 2014 and effective from 1<sup>st</sup> January 2016. These amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. There is also a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate.
- IFRS11 (Amended), 'Joint Arrangements', effective for periods beginning on or after 1<sup>st</sup> January 2016 requires an acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles in IFRS3 and all other IFRSs.
- IAS27 (Amended), 'Separate Financial Instruments', issued in August 2014 and effective 1<sup>st</sup> January 2016 permits investments in subsidiaries, joint ventures and associates to be optionally accounted using the equity method in separate financial statements.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1<sup>st</sup> January 2016 and have not been early adopted:

- IFRS9, 'Financial Instruments', effective for periods commencing on or after 1<sup>st</sup> January 2018 but not yet adopted by the EU. This is final version of the project to replace IAS39 'Financial Instruments: Recognition and Measurement'.
- IFRS15, 'Revenue from Contracts with Customers', effective for periods commencing on or after 1<sup>st</sup> January 2018 but not yet adopted by the EU. This standard focuses on a principles based model which is to be applied to all contracts with customers.
- IAS12 (Amended), 'Income Taxes', effective for periods commencing on or after 1<sup>st</sup> January 2017 but not yet adopted by the EU. This amendment relates to the recognition of deferred tax assets for unrealised losses and clarifies that estimations for future taxable profits exclude tax deductions arising from the reversal of temporary differences

#### Business combinations and goodwill

Goodwill relating to acquisitions prior to 1<sup>st</sup> March 2006 is carried at the net book value on that date and is no longer amortised but is subject to annual impairment review. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. Goodwill is tested annually for impairment.

#### Going Concern

The Company and Group currently meet their day-to-day working capital requirements through fees receivable from its projects: Vicarage Gate House, 13-14 Vicarage Gate, 1 Palace Street, 10 Broadway and Chester Square and also through the bank loan.

The Directors have prepared detailed cash flow projections for the period ending 31<sup>st</sup> December 2020 making reasonable assumptions about the levels and timings of income and expenditure, and in particular the timing of receipt of certain fees due from major developments. These projections show that the Group can meet its on-going working capital requirements. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

#### Significant judgements and areas of estimation

In preparing these financial statements the Directors are required to make judgements and best estimates of the outcome of and in particular, the timing of revenues, expenses, assets and liabilities based on assumptions. These assumptions are based on historical experience and various other factors that are considered reasonable under the various circumstances. The estimates and assumptions are reviewed on a regular basis with any revisions being applied in the relevant period. The material areas where estimates and assumptions are made are:

- The valuation of goodwill
- The valuation of available for sale financial assets
- The status and progress of the developments and projects

# Notes to the Consolidated Financial Statements

## For the year ended 31<sup>st</sup> December 2015 (Continued)

### 1. Principal accounting policies (continued)

#### Basis of consolidation

The Group financial statements include the financial statements of the Company and its subsidiary undertakings. Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies of the subsidiary and therefore exercises control. The existence and effect of both current voting rights and potential voting rights that are currently exercisable or convertible are considered when assessing whether control of an entity is exercised. Subsidiaries are consolidated from the date at which the Group obtains the relevant level of control and are de-consolidated from the date at which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of any depreciation and any provision for impairment.

Depreciation has been calculated on a straight line basis and aims to write off the costs, less estimated residual value of each property, plant and equipment over their expected useful lives using the following periods:

Leasehold improvements	over the period of the lease
Fittings and office equipment	25% straight line
Computer equipment	33 1/3% straight line

#### Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation but are instead tested annually for impairment and are subject to additional impairment testing if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment are reviewed annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment charge is recognised in profit or loss in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

#### Inventories

Work in progress is valued at the lower of cost and net realisable value. Cost of work in progress includes overheads appropriate to the stage of development. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

#### Revenue

Revenue represents amounts earned by the Group in respect of services rendered during the period net of value added tax. Shares in development profits and performance fees are recognised when the amounts involved have been finally determined and agreed criteria for recognition have been fulfilled. Fees in respect of project management and interior and architectural design are recognised in accordance with the stage of completion of the contract.

Revenue also includes sales commission fees receivable where the Group acts as sales agent on developments. The sales commission is recognised 50% on exchange of contracts, which is non-refundable and 50% on completion.

#### Current taxation

The tax expense for the year represents the total of current taxation and deferred taxation. The charge in respect of current taxation is based on the estimated taxable profit for the year. Taxable profit for the year is based on the profits as shown in profit or loss, as adjusted for items or expenditure, which are not deductible for tax purposes.

The current tax liability for the year is calculated using tax rates, which have either been enacted or substantively enacted at the reporting date.

#### Deferred taxation

Deferred tax is provided in full on all temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates which have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.



# Notes to the Consolidated Financial Statements

## For the year ended 31<sup>st</sup> December 2015 (Continued)

### 1. Principal accounting policies (continued)

#### Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the statement of financial position and depreciated over their expected useful lives. The interest element of the rental obligations is charged to profit or loss over the period of the lease on a straight-line basis.

Rentals under operating leases are charged to profit or loss on a straight-line basis over the lease term.

#### Investments

Investments in subsidiaries, associates and joint ventures, and other investments are presented in the Parent financial statements at cost, less any necessary provision for impairment.

#### Associates

Associates are all entities over which the Group exercise significant influence but does not exercise control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, which includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associate's profits or losses after acquisition of its interest is recognised in profit or loss and cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Where the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group only recognises further losses where it has incurred obligations or made payments on behalf of the associate.

#### Financial assets

Available for sale financial assets consist of equity investments in other companies or limited partnerships where the Group does not exercise either control or significant influence. The investments reflect loans and capital contributions made in respect of projects undertaken with other partners in which the Group will be entitled to an eventual profit share.

Available for sale financial assets are shown at fair value at each reporting date with changes in fair value being shown in Other Comprehensive Income, or at cost less any necessary provision for impairment where a reliable estimate of fair value is not able to be determined. In cases where the Group can reliably estimate fair value of the available for sale financial assets, fair value will be determined in reference to practical completion of each development project.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The valuation technique applied to the available for sale financial assets in the current and preceding period is a Level 3 technique.

#### Pensions

The Group operates a defined contribution pension scheme under which fixed contributions are payable. Pension costs charged to the income statement represent amounts payable to the scheme during the year.

#### Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities are translated at the rate of exchange ruling at the reporting date. Exchange differences are taken into account in arriving at Group operating loss.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are charged to the share premium account.

#### Equity balances

- Called up share capital represents the aggregate nominal value of Ordinary shares in issue.
- The share premium account represents the incremental paid up capital above the nominal value of Ordinary shares issued.
- The merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued directly to acquire another entity meeting the specific requirements of section 612 of the Companies Act 2006.

#### Financial assets - loans and receivables

Trade receivables, loans and other receivables are classified as 'trade and other receivables' and are measured at cost less any provisions. Interest income is recognised by applying the appropriate interest rate of the contractual arrangement.

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

### 1. Principal accounting policies (continued)

#### Financial liabilities - loans and payables and borrowings

Trade payables, other payables and borrowings are classified as 'trade and other payables' and 'borrowings, including lease finance'. These are measured at amortised cost and the interest expense is recognised by applying the appropriate interest rate of the contractual arrangement.

#### Borrowings

Interest-bearing borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method with any differences between the proceeds (net of transaction costs) and the redemption value being recognised over the period of borrowings.

All borrowings are classified as current unless the Group has an unconditional right to defer payment of the borrowings until at least twelve months from the reporting date.

Borrowing costs which relate directly to a development which is included within inventories are capitalised as part of the cost of the inventory.

### 2. Capital and financial risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern, while maximising the return to shareholders through the optimisation of its debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, debt and equity attributable to equity holders of the Parent Company, comprising issued capital, share premium account and retained earnings.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or increase capital.

The Board regularly reviews the capital structure, with an objective to minimise net debt whilst investing in the development opportunities.

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the property business and the operational risks are an inevitable consequence of being in business. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks by means of a reliable up-to-date information system. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board of Directors. Directors are responsible for the identification of the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. The most important types of risk are credit risk, liquidity and market risk. Market risk includes currency, interest rate and other price risks.

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

### 3. Segmental information

Segmental information is presented in respect of the Group's business segments. The business segments are based on the Group's corporate and internal reporting structure. Segment results and assets include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis. The segmental analysis of the Group's business as reported internally to management is as follows:

#### Revenue

	Year ended 31 <sup>st</sup> Dec 2015	10 months ended 31 <sup>st</sup> Dec 2014
	£	£
Principal activities:		
Development management	3,413,702	3,554,800
Interior design	508,889	214,541
Architectural design	-	87,500
Sales agency commission	248,306	-
	<u>4,170,897</u>	<u>3,856,841</u>

	Year ended 31 <sup>st</sup> Dec 2015	10 months ended 31 <sup>st</sup> Dec 2014
	£	£
<b>Loss before taxation</b>		
Development management	(579,793)	505,910
Interior design	(572,079)	(585,943)
Architectural design	(4,470)	78,175
	<u>(1,156,342)</u>	<u>(1,858)</u>

#### Assets

	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£
Development management	26,988,216	26,017,628
Interior design	159,351	86,839
Architectural design	19,168	114,132
	<u>27,166,735</u>	<u>26,218,599</u>

#### Liabilities

	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£
Development management	1,886,088	365,962
Interior design	1,453,578	769,522
Architectural design	612,406	702,900
	<u>3,952,072</u>	<u>1,838,384</u>

A geographical analysis of the Group's revenue, assets and liabilities is given below:

	Year ended 31 <sup>st</sup> Dec 2015	10 months ended 31 <sup>st</sup> Dec 2014
	£	£
<b>Revenue</b>		
United Kingdom	4,170,897	3,880,379
Saudi Arabia	-	(23,538)
	<u>4,170,897</u>	<u>3,856,841</u>

Included in the revenue above are revenues in respect of customers who account for over 10% of the Group's total revenue.

	Year ended 31 <sup>st</sup> Dec 2015	10 months ended 31 <sup>st</sup> Dec 2014
	£	£
Customer A (Interior design)	-	(23,538)
Customer B (Development management)	-	642,486
Customer C (Development management & interior design)	545,150	438,462
Customer D (Development management & interior design)	2,504,756	2,420,487
Customer E (Development management)	805,100	-
	<u>805,100</u>	<u>-</u>

**Notes to the Consolidated Financial Statements  
For the year ended 31<sup>st</sup> December 2015 (Continued)**

**3. Segmental information (continued)**

<b>Assets</b>	<b>31<sup>st</sup> Dec 2015</b>	<b>31<sup>st</sup> Dec 2014</b>
	£	£
United Kingdom	<u>27,166,735</u>	<u>26,218,599</u>
	<u>27,166,735</u>	<u>26,218,599</u>
 <b>Liabilities</b>	 <b>31<sup>st</sup> Dec 2015</b>	 <b>31<sup>st</sup> Dec 2014</b>
	£	£
United Kingdom	<u>3,952,072</u>	<u>1,838,384</u>
	<u>3,952,072</u>	<u>1,838,384</u>

**4. Investment revenue**

	<b>Year ended</b>	<b>10 months ended</b>
	<b>31<sup>st</sup> Dec 2015</b>	<b>31<sup>st</sup> Dec 2014</b>
	£	£
Interest received	1,847	64,854
Dividends received	-	428,873
	<u>1,847</u>	<u>493,727</u>

**5. Finance costs**

	<b>Year ended</b>	<b>10 months ended</b>
	<b>31<sup>st</sup> Dec 2015</b>	<b>31<sup>st</sup> Dec 2014</b>
	£	£
Interest on:		
Other interest	-	3
	<u>-</u>	<u>3</u>

**6. Loss before taxation**

	<b>Year ended</b>	<b>10 months ended</b>
	<b>31<sup>st</sup> Dec 2015</b>	<b>31<sup>st</sup> Dec 2014</b>
	£	£
Loss before taxation is stated after charging/(crediting):		
Depreciation and amounts written off property, plant and equipment:		
Owned assets	144,141	125,037
Operating lease rentals:		
Land and buildings	128,063	104,969
Foreign exchange gain	<u>(281)</u>	<u>-</u>
 <b>Fees payable to the Company's auditors for:</b>		
- the audit of the Company's annual accounts	50,307	55,857
 <b>Fees payable to the Company's auditors for other services to the Group:</b>		
- the audit of the Company's subsidiaries	<u>38,535</u>	<u>33,600</u>
Total audit fees	<u>88,842</u>	<u>89,457</u>
 <b>Fees payable to the Company's auditors for:</b>		
- other taxation advisory services	5,000	5,000
- other services	<u>15,450</u>	<u>16,762</u>
Total other fees	<u>20,450</u>	<u>21,762</u>

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

### 7. Employees

	Year ended 31 <sup>st</sup> Dec 2015 Number	10 months ended 31 <sup>st</sup> Dec 2014 Number
The average weekly number of employees (including Directors) during the year was:		
Office and management	13	12
Design and management	9	12
	<u>22</u>	<u>24</u>

	Year ended 31 <sup>st</sup> Dec 2015 £	10 months ended 31 <sup>st</sup> Dec 2014 £
Staff costs for the above employees:		
Wages and salaries	1,782,600	1,691,496
Social security costs	230,996	184,657
Other pension costs - money purchase schemes	76,848	65,344
	<u>2,090,444</u>	<u>1,941,497</u>

	Year ended 31 <sup>st</sup> Dec 2015 £	10 months ended 31 <sup>st</sup> Dec 2014 £
<b>Remuneration in respect of Directors was as follows:</b>		
Aggregate emoluments (including benefits in kind)	570,000	475,000
Consultancy fees	-	100,050
Other fees	30,000	25,000
	<u>600,000</u>	<u>600,050</u>
Company contribution to money purchase pension schemes	<u>33,000</u>	<u>27,500</u>

	Year ended 31 <sup>st</sup> Dec 2015 £	10 months ended 31 <sup>st</sup> Dec 2014 £
<b>Remuneration for each Director (including benefits in kind)</b>		
M. Kheriba	-	-
J. Alseddiqi (resigned 3 <sup>rd</sup> November 2015)	-	-
N. Barattieri di San Pietro	500,000	416,667
K.B. Nilsson	70,000	158,383
E.B. Harris	30,000	25,000
F.T. Khan (appointed 3 <sup>rd</sup> November 2015)	-	-
	<u>600,000</u>	<u>600,050</u>

Remuneration of £30,000 (2014: £25,000) for Director E.B. Harris is payable to EC Harris LLP.

	Year ended 31 <sup>st</sup> Dec 2015 £	10 months ended 31 <sup>st</sup> Dec 2014 £
Remuneration in respect of the highest paid Director was as follows:		
Aggregate emoluments (including benefits in kind)	500,000	416,667
Company contribution to money purchase pension scheme	33,000	27,500
	<u>533,000</u>	<u>444,167</u>

The total emoluments of £500,000 (2014: £416,667) above includes bonuses of £225,000 (2014: £187,500).

The Directors consider that the key management personnel for reporting purposes as defined by IAS24 'Related Party Disclosures' are the Directors themselves only.

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

8. Taxation	Year ended 31 <sup>st</sup> Dec 2015 £	10 months ended 31 <sup>st</sup> Dec 2014 £
<b>(a) Analysis of charge in year</b>		
<i>Current tax:</i>		
Corporation tax credit	-	-
Adjustment in respect of prior periods	-	(347,727)
Total current tax	<u>-</u>	<u>(347,727)</u>
<i>Deferred tax:</i>		
Deferred tax charge	9,210	81,632
Total deferred tax charge	<u>9,210</u>	<u>81,632</u>
<b>Total tax charge/(credit)</b>	<u>9,210</u>	<u>(266,095)</u>
<b>(b) Factors affecting the tax charge for the year</b>		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2014: 21%). The differences are explained below:		
	Year ended 31 <sup>st</sup> Dec 2015 £	10 months ended 31 <sup>st</sup> Dec 2014 £
Loss on ordinary activities before tax	<u>(1,156,342)</u>	<u>(1,858)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax of 20% (2014: 21%)	(231,268)	(390)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,314	2,339
Depreciation for the period in excess of capital allowances	22,232	26,258
Dividends and distributions received	-	(90,063)
Utilisation of tax losses	-	(314,450)
Other timing differences	2,330	(103,709)
Loss carried forward	204,392	480,015
Consortium relief	-	(347,727)
Current tax credit for the period	<u>-</u>	<u>(347,727)</u>

### (c) Factors that may affect future tax charges

The standard rate of corporation tax was reduced to 20% from 1<sup>st</sup> April 2015.

## 9. Profit of the parent company

As permitted by section 408 of the Companies Act 2006, the profit or loss element of the Parent Company Income Statement is not presented as part of these financial statements. The Group loss for the year ended 31<sup>st</sup> December 2015 of £1,165,552 (2014 profit: £264,237) includes a loss of £3,349,908 (2014 profit: £5,402,344), which was dealt with in the financial statements of the Company.

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

### 10. Goodwill

Group	31 <sup>st</sup> Dec 2015 £	31 <sup>st</sup> Dec 2014 £
Cost	<u>14,940,474</u>	<u>14,940,474</u>
<b>Amortisation and impairment</b>		
At the beginning of the year	6,933,057	6,933,057
Impairment charge for the year	<u>-</u>	<u>-</u>
At the end of the year	<u>6,933,057</u>	<u>6,933,057</u>
<b>Net book value</b>	<u><u>8,007,417</u></u>	<u><u>8,007,417</u></u>

The Group performs an annual goodwill impairment review in accordance with IAS 36 'Impairment of Assets' based on its cash generating units (CGUs). The CGU that has associated goodwill allocated to it is the Group as a whole. This is the smallest identifiable group of assets that generate cash inflows to which goodwill is allocated. Although the interior design business is a separate CGU goodwill was not specifically allocated to it when the goodwill arose because it was treated as an integrated business when the Group was originally restructured. The Directors consider that it is now not appropriate to allocate goodwill to this CGU.

#### Recoverable amount

In accordance with IAS 36 the recoverable amount of the CGU is calculated, being the higher of value in use and fair value less costs to sell.

The fair value less costs to sell of the CGU is determined using cash flow projections derived from the business plan covering a five year period which has been approved by the Board. They reflect the Directors' expectations of the level and timing of revenue, expenses, working capital and operating cash flows, based on past experience and future expectations of business performance particularly future development projects.

#### Discount rates

The pre-tax discount rate applied to the cash flow projections are derived from the Group's weighted average cost of capital. The discount rate applied is 6% (2014: 6%) reflecting the future expected cost of capital for the Group.

#### Growth rates

Due to the nature of the Group's development business growth rates are not relevant. The cash flow projections assume a 100% probability of receiving a level of development fees for contracted projects over the five years and make assumptions on the probability of achieving certain development performance fee criteria.

The business growth rates have been assumed to be 5% (2014: 5%) for the N Studio Limited interior design business.

#### Sensitivity analysis

The following percentage changes in assumptions would cause the recoverable amount to fall below the current carrying value:

- A 63.95% increase in the discount rate to 69.95% for the latter five year period
- A 25.7% decrease in the development revenue cash flows over the five year period
- A decrease to nil in the other interior design revenue cash flows over the five year period would not cause the recoverable amount to fall below the current carrying value.

**Notes to the Consolidated Financial Statements  
For the year ended 31<sup>st</sup> December 2015 (Continued)**

**11. Property, plant and equipment**

<b>Group</b>	<b>Leasehold Improvements</b>	<b>Fittings and Office Equipment</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 <sup>st</sup> March 2014	1,115,434	73,426	257,406	1,446,266
Additions	-	594	23,229	23,823
At 31 <sup>st</sup> December 2014	1,115,434	74,020	280,635	1,470,089
Additions	-	10,615	7,526	18,141
At 31 <sup>st</sup> December 2015	1,115,434	84,635	288,161	1,488,230
<b>Depreciation</b>				
At 1 <sup>st</sup> March 2014	350,281	56,187	217,059	623,527
Charge for the year	94,670	8,922	21,445	125,037
At 31 <sup>st</sup> December 2014	444,951	65,109	238,504	748,564
Charge for the year	113,605	4,563	25,973	144,141
At 31 <sup>st</sup> December 2015	558,556	69,672	264,477	892,705
<b>Net book value</b>				
At 31 <sup>st</sup> December 2015	556,878	14,963	23,684	595,525
At 31 <sup>st</sup> December 2014	670,483	8,911	42,131	721,525
At 28 <sup>th</sup> February 2014	765,153	17,239	40,347	822,739
<b>Company</b>	<b>Leasehold Improvements</b>	<b>Fittings and Office Equipment</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 <sup>st</sup> March 2014	1,173,914	-	-	1,173,914
Additions	-	-	-	-
At 31 <sup>st</sup> December 2014	1,173,914	-	-	1,173,914
Additions	-	-	-	-
At 31 <sup>st</sup> December 2015	1,173,914	-	-	1,173,914
<b>Depreciation</b>				
At 1 <sup>st</sup> March 2014	350,281	-	-	350,281
Charge for the year	94,670	-	-	94,670
At 31 <sup>st</sup> December 2014	444,951	-	-	444,951
Charge for the year	113,605	-	-	113,605
At 31 <sup>st</sup> December 2015	558,556	-	-	558,556
<b>Net book value</b>				
At 31 <sup>st</sup> December 2015	615,358	-	-	615,358
At 31 <sup>st</sup> December 2014	728,963	-	-	728,963
At 28 <sup>th</sup> February 2014	823,633	-	-	823,633

There were no assets held under finance lease or hire purchase contracts.



**Notes to the Consolidated Financial Statements  
For the year ended 31<sup>st</sup> December 2015 (Continued)**

**12. Investments**

**(a) Available for sale financial assets**

<b>Group</b>	<b>31<sup>st</sup> Dec 2015</b>	<b>31<sup>st</sup> Dec 2015</b>	<b>31<sup>st</sup> Dec 2014</b>	<b>31<sup>st</sup> Dec 2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 <sup>st</sup> January 2015		10,000,019		8,824,659
Increase in 1 Palace Street fair value	<u>-</u>		<u>1,175,360</u>	
Net movement transferred to comprehensive income		<u>-</u>		<u>1,175,360</u>
At 31 <sup>st</sup> December 2015		<u>10,000,019</u>		<u>10,000,019</u>
<b>Net book value</b>				
At 31 <sup>st</sup> December 2015		<u>10,000,019</u>		<u>10,000,019</u>

**(b) Other investments**

<b>Company</b>	<b>Subsidiary Undertakings</b>	<b>Other Investments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 <sup>st</sup> January 2015	14,492,681	10,000,015	24,492,696
Additions	-	-	-
As at 31 <sup>st</sup> December 2015	<u>14,492,681</u>	<u>10,000,015</u>	<u>24,492,696</u>
<b>Impairment</b>			
At 1 <sup>st</sup> January 2015	6,486,368	-	6,486,368
Impairment in the year	-	-	-
As at 31 <sup>st</sup> December 2015	<u>6,486,368</u>	<u>-</u>	<u>6,486,368</u>
<b>Net book value as at 31<sup>st</sup> December 2015</b>	<u>8,006,313</u>	<u>10,000,015</u>	<u>18,006,328</u>
<b>Net book value as at 31<sup>st</sup> December 2014</b>	<u>8,006,313</u>	<u>10,000,015</u>	<u>18,006,328</u>

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

### (b) Other investments (continued)

Company	Subsidiary Undertakings £	Other Investments £	Total £
<b>Cost</b>			
At 1 <sup>st</sup> March 2014	14,492,681	8,824,655	23,317,336
Additions	-	1,175,360	1,175,360
	<hr/>	<hr/>	<hr/>
As at 31 <sup>st</sup> December 2014	<u>14,492,681</u>	<u>10,000,015</u>	<u>24,492,696</u>
<b>Impairment</b>			
At 1 <sup>st</sup> March 2014	6,486,368	-	6,486,368
Impairment in the year	-	-	-
	<hr/>	<hr/>	<hr/>
As at 31 <sup>st</sup> December 2014	<u>6,486,368</u>	<u>-</u>	<u>6,486,368</u>
<b>Net book value as at 31<sup>st</sup> December 2014</b>	<u>8,006,313</u>	<u>10,000,015</u>	<u>18,006,328</u>
<b>Net book value as at 28<sup>th</sup> February 2014</b>	<u>8,006,313</u>	<u>8,824,655</u>	<u>16,830,968</u>

### (c) Group shareholdings

The Group has shareholdings in the following companies, all incorporated in England and Wales:

Subsidiary undertakings	Holding	Proportion held	Nature of Business
Waterloo Investments Limited	Ordinary shares	100%	Development management services
N Studio Limited	Ordinary shares	100%	Interior design
Northacre Development Management Services Limited	Ordinary shares	100%	Development management services
Nilsson Architects Limited	Ordinary shares	100%	Design architects
Northacre Capital (1) Limited	Ordinary shares	100%	Dormant
Northacre Capital (3) Limited	Ordinary shares	100%	Dormant
Northacre Capital (5) Limited	Ordinary shares	100%	Property development
Northacre Capital (7) Limited	Ordinary shares	100%	Property development
Northacre International Limited	Ordinary shares	100%	Dormant
Lancaster Gate (Hyde Park) Limited	Ordinary shares	100%	Property development

The holding in Lancaster Gate (Hyde Park) Limited is held by Northacre Capital (5) Limited.

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

### 13. Inventories

	Group	
	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£
Stock	1,593	2,928
Work in progress	5,240,666	4,189,195
	<u>5,242,259</u>	<u>4,192,123</u>

The Company had no stock or work in progress in either the prior or current reporting period.

### 14. Trade and other receivables

	Group		Company	
	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£	£	£
Trade receivables	844,811	31,568	6,045	-
Amounts owed by group undertakings	-	-	5,962,376	8,567,254
Other receivables	200,242	220,038	111,270	110,908
Prepayments and accrued income	1,071,438	535,604	311,422	321,056
	<u>2,116,491</u>	<u>787,210</u>	<u>6,391,113</u>	<u>8,999,218</u>

At the period end there was no provision for doubtful debts (2014: £nil).

Other receivables include a deferred tax asset of £117,463 (2014: £126,673).

### 15. Trade and other payables

	Group		Company	
	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£	£	£
Trade payables	170,547	67,555	49,216	34,720
Amounts owed to group undertakings	-	-	1,141,545	1,141,065
Social security and other taxes	146,204	199,440	16,544	130,186
Other payables	3,266	2,064	291	1,589
Accruals and deferred income	1,282,055	569,325	519,375	268,513
	<u>1,602,072</u>	<u>838,384</u>	<u>1,726,971</u>	<u>1,576,073</u>

### 16. Borrowings, including lease finance

Current Liabilities	Group		Company	
	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£	£	£
Bank loan	2,350,000	1,000,000	-	-
	<u>2,350,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>

A loan facility of £3,150,000 was made available by the Royal Bank of Scotland from the 19<sup>th</sup> September 2014 to Northacre Capital (7) Limited in respect of the property at 22 Prince Edward Mansions. The loan is available on a drawdown basis and as at 31<sup>st</sup> December 2015 £2,350,000 (2014: £1,000,000) was drawn. The loan incurs interest at 3.25% above the LIBOR rate and is charged quarterly and as at 31<sup>st</sup> December 2015 £94,941 (2014: £42,292) was accrued. The loan is due to be repaid at the earlier of the latest expiry date of the current interest period outstanding as at the date of completion of sale of the property or the date which falls 18 months after the date on which the loan is drawn. The loan is expected to be repaid in full prior to the end of the next financial year. The loan is secured via a first legal charge over the property included within inventories under the heading of work in progress, a guarantee for £120,000 given by Northacre PLC and a charge over certain cash balances. In accordance with the loan agreement further drawdowns are not permitted post 31 December 2015.

### 17. Corporation tax

	Group		Company	
	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£	£	£
Corporation tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

### 18. Future financial commitments

#### Operating leases – Land and Buildings

	Group		Company	
	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£	£	£
	Land & Buildings	Land & Buildings	Land & Buildings	Land & Buildings
Net amount payable on operating leases which expire:				
Within one year	125,062	125,062	125,062	125,062
In two to five years	500,248	500,248	500,248	500,248
In over five years	49,682	174,744	49,682	174,744
	<u>674,992</u>	<u>800,054</u>	<u>674,992</u>	<u>800,054</u>

#### Operating leases - Other

	Group		Company	
	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£	£	£
	Other	Other	Other	Other
Net amount payable on operating leases which expire:				
Within one year	15,080	29,148	11,420	12,920
In two to five years	46,609	7,042	42,825	6,460
In over five years	-	-	-	-
	<u>61,689</u>	<u>36,190</u>	<u>54,245</u>	<u>19,380</u>

### 19. Capital commitments

At the reporting date there were no outstanding commitments for capital expenditure.

### 20. Earnings per share

Loss per share of 2.75p (2014 profit: 0.62p) is calculated on the loss attributable to Ordinary shares of £1,156,342 (2014 profit: £264,237) divided by the weighted number of Ordinary shares in issue during the year.

	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
Computation of basic earnings per share:		
Net (loss)/profit	(£1,165,552)	£264,237
Weighted average number of shares outstanding	42,335,538	42,335,538
Basic (loss)/profit per share	(2.75p)	0.62p
Diluted (loss)/profit per share	(2.75p)	0.62p

There were no potentially dilutive instruments in issue during the current or preceding period. All amounts shown relate to continuing operations.

### 21. Equity

	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£
Share capital		
Called up, allotted and fully paid: 42,335,538 (2014: 42,335,538) Ordinary shares of 2.5p each	<u>1,058,388</u>	<u>1,058,388</u>
	<u>1,058,388</u>	<u>1,058,388</u>
Share premium account and reserves		Share premium
		£
At 1 <sup>st</sup> January 2015 and 31 <sup>st</sup> December 2015		<u>22,565,287</u>

The share premium account represents the incremental paid up capital above the nominal value of the Ordinary shares of 2.5p issued.

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

### 22. Dividends

	31 <sup>st</sup> Dec 2015	31 <sup>st</sup> Dec 2014
	£	£
A special dividend paid during the period of £nil (2014: 35.43p)	-	14,999,481
	<u>-</u>	<u>14,999,481</u>

No dividends have been declared prior to the approval of these financial statements and the Board will continue to actively consider the payment of dividends.

### 23. Contingent liabilities

The Company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' VAT liabilities amounting to £92,642 (2014: £nil).

### 24. Related party transactions

#### Group

The Group's related parties as defined by International Accounting Standard 24 (revised), the nature of the relationship and the amount of transactions with them during the period were as follows:

Related Party	Nature of Relationship	Year ended 31 <sup>st</sup> Dec 2015		10 months ended 31 <sup>st</sup> Dec 2014		Nature of Transactions
		£	£	£	£	
		Total transactions in the year	Balance at the year end Due (to)/from	Total transactions in the period	Balance at the period end Due (to)/from	
K. Nilsson	1	-	-	100,050	-	Consultancy fees for services provided for the 1 Palace Street project for the period March 2014 to December 2014. The consultancy fees were invoiced to Palace Revive Development Limited and paid by that company in the year ended 31 December 2015.
E.B. Harris	2	30,000	(55,000)	25,000	(25,000)	Non-executive Directors' fees for the year to 31 December 2015 provided through E.C. Harris LLP.
A. de Rothschild	3	-	(17,500)	-	(17,500)	Non-executive Directors' fees for the period July 2013 to February 2014.
ADCM Limited	4	1,200,000	-	1,042,466	-	Consultancy fees charged for the year to 31 December 2015 with £1,200,000 being paid in the year.
ADCM Limited	4	52,282	46,882	63,310	1,882	Expenses charged by ADCM Limited as per the consultancy agreement. £46,882 represents a credit from ADCM Limited outstanding at the year end.
Palace Revive Development Limited	5	2,028,749	617,287	2,254,170	-	Development management fees invoiced for the year to 31 December 2015 as per the development management agreement. £617,287 represents the fee payable for the period January 2016 to March 2016 and was paid post year end.
Palace Revive Development Limited	5	248,306	-	-	-	Sales agency fees charged in the year ended 31 December 2015 as per multiple selling agents agreements.

## Notes to the Consolidated Financial Statements For the year ended 31<sup>st</sup> December 2015 (Continued)

### 24. Related party transactions (continued)

Related Party	Nature of Relationship	Year ended 31 <sup>st</sup> Dec 2015		10 months ended 31 <sup>st</sup> Dec 2014		Nature of Transactions
		£	£	£	£	
		Total transactions in the year	Balance at the year end Due (to)/from	Total transactions in the period	Balance at the period end Due (to)/from	
Palace Revive Development Limited	5	159,136	-	166,317	-	Expenses paid on behalf of Palace Revive Development Limited.
Palace Real Estate Partners LP	6	-	10,000,000	1,175,360	10,000,000	Amount invested by Northacre PLC into Palace Real Estate Partners LP to develop the 1 Palace Street project.

#### Nature of Relationships

- 1 K.B. Nilsson is a Director of the Company.
- 2 E.B. Harris is a Director of the Company, and a member of E.C. Harris LLP.
- 3 A. de Rothschild was a Director of the Company (resigned on 11<sup>th</sup> February 2014)
- 4 ADCM Limited is a fully owned subsidiary of ADFG LLC, the Group's ultimate parent company.
- 5 Palace Revive Development Limited is a company set up to develop the 1 Palace Street Development and is controlled by ADCM Limited.
- 6 Palace Real Estate Partners LP is a partnership that ultimately controls Palace Revive Development Limited. Northacre PLC is a limited member of Palace Real Estate Partners LP.

### Company

The Directors' transactions in the Company are included in the Group disclosure above. In addition to these, the Company has the following related party transactions as defined by International Accounting Standard 24 (revised).

Related Party	Nature of Relationship	Year ended 31 <sup>st</sup> Dec 2015		10 months ended 31 <sup>st</sup> Dec 2014		Nature of Transactions
		£	£	£	£	
		Total transactions in the year	Balance at the year end Due (to)/from	Total transactions in the period	Balance at the period end Due (to)/from	
Group entities	1	266,248	-	216,712	-	Management fees receivable in the year from Group subsidiaries provided at arm's length.
Group entities	1	(38,901)	-	(42,655)	-	Management fees payable in the year to Group subsidiaries provided at arm's length.

#### Nature of Relationships

- 1 The Group entities are wholly owned subsidiaries of the Company.

The balances at the reporting date are shown under notes 14 and 15 of the Consolidated Financial Statements.

### 25. Immediate and ultimate parent undertakings

The immediate and ultimate parent undertakings are Spadille Limited, a company incorporated in Jersey, and Abu Dhabi Financial Group LLC, a company incorporated in United Arab Emirates, respectively.