

COMPANY REGISTRATION NUMBER: 6265240

**RIVERLAND (NEWARK) LIMITED**

**Financial statements**

**31 May 2018**

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COMPANIES HOUSE

# **RIVERLAND (NEWARK) LIMITED**

## **Financial statements**

**Year ended 31 May 2018**

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# **RIVERLAND (NEWARK) LIMITED**

## **Officers and professional advisers**

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<b>The board of directors</b>	M S Kingston C F Moharm
<b>Company secretary</b>	C F Moharm
<b>Registered office</b>	55 Baker Street London United Kingdom W1U 7EU
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Bankers</b>	Barclays Bank Plc Pall Mall Corporate Group 50 Pall Mall London SW1A 1QA

# **RIVERLAND (NEWARK) LIMITED**

## **Directors' report**

**Year ended 31 May 2018**

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The directors present their report and the financial statements of the company for the year ended 31 May 2018.

### **Principal activities**

The entity is a private company, limited by shares and incorporated in England and Wales. The principal activity is that of property investment. The result for the year is shown on page 7.

### **Directors**

The directors who served the company during the year were as follows:

M S Kingston  
C F Moharm

### **Qualifying indemnity provision**

The company has made qualifying third party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

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

The company has dispensed with the obligation to appoint auditors annually. BDO LLP have expressed their willingness to continue in this office.

# RIVERLAND (NEWARK) LIMITED

Directors' report *(continued)*

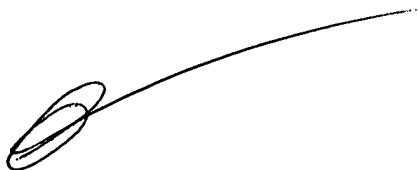
Year ended 31 May 2018

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## Small company provisions

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

This report was approved by the board of directors on 22 November 2018 and signed on behalf of the board by:

A handwritten signature in black ink, consisting of a stylized 'C' followed by a long, sweeping horizontal line that curves upwards at the end.

C F Moharm  
Company Secretary

# **RIVERLAND (NEWARK) LIMITED**

## **Independent auditor's report to the members of Riverland (Newark) Limited**

**Year ended 31 May 2018**

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### **Opinion**

We have audited the financial statements of Riverland (Newark) Limited ("the company") for the year ended 31 May 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

# **RIVERLAND (NEWARK) LIMITED**

**Independent auditor's report to the members of Riverland (Newark) Limited** *(continued)*

**Year ended 31 May 2018**

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## **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic Report.

## **Responsibilities of Directors**

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

## RIVERLAND (NEWARK) LIMITED

Independent auditor's report to the members of Riverland (Newark) Limited *(continued)*

Year ended 31 May 2018

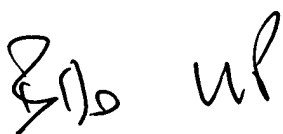
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A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



Richard Levy (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
55 Baker Street  
London  
W1U 7EU

22 November 2018

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



# RIVERLAND (NEWARK) LIMITED

## Statement of comprehensive income

Year ended 31 May 2018

	Note	2018 £	2017 £
Turnover	4	1,623,457	1,579,472
Cost of sales		(568,793)	(692,643)
Gross profit		1,054,664	886,829
Administrative expenses		(4,652)	(11,924)
Operating profit		1,050,012	874,905
Interest receivable and similar income	8	226,551	29,860
Interest payable and similar charges	9	(527,662)	(552,855)
Profit on ordinary activities before taxation		748,901	351,910
Taxation on ordinary activities	10	(217,252)	(77,123)
Profit for the financial year and total comprehensive income		531,649	274,787

All the activities of the company are from continuing operations.

The notes on pages 10 to 20 form part of these financial statements.

# RIVERLAND (NEWARK) LIMITED

## Statement of financial position

As at 31 May 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investment property	12	20,000,000	20,000,000
<b>Current assets</b>			
Debtors: due within one year	13	11,113,554	11,679,919
Cash at bank and in hand		<u>1,160,316</u>	<u>407,302</u>
		12,273,870	12,087,221
<b>Creditors: amounts falling due within one year</b>	14	<u>(20,851,897)</u>	<u>(20,938,528)</u>
<b>Net current liabilities</b>		<u>(8,578,027)</u>	<u>(8,851,307)</u>
<b>Total assets less current liabilities</b>		<u>11,421,973</u>	<u>11,148,693</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(10,844,265)	(11,207,072)
<b>Provisions</b>			
Deferred tax	17	<u>(36,743)</u>	<u>67,695</u>
<b>Net assets</b>		<u>540,965</u>	<u>9,316</u>
<b>Capital and reserves</b>			
Called up share capital	19	1	1
Profit and loss account	20	<u>540,964</u>	<u>9,315</u>
<b>Members funds</b>		<u>540,965</u>	<u>9,316</u>

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

These financial statements were approved by the board of directors and authorised for issue on 22 November 2018, and are signed on behalf of the board by:



M S Kingston  
Director

Company registration number: 6265240

The notes on pages 10 to 20 form part of these financial statements.

# RIVERLAND (NEWARK) LIMITED

## Statement of changes in equity

Year ended 31 May 2018

	Note	Called up share capital £	Profit and loss account £	Total £
<b>At 1 June 2016</b>		1	884,528	884,529
Profit for the year			274,707	274,787
<b>Total comprehensive income for the year</b>		—	274,787	274,787
Dividends paid and payable	11	—	(1,150,000)	(1,150,000)
<b>Total investments by and distributions to owners</b>		—	(1,150,000)	(1,150,000)
<b>At 31 May 2017</b>		1	9,315	9,316
Profit for the year			531,649	531,649
<b>Total comprehensive income for the year</b>		—	531,649	531,649
<b>At 31 May 2018</b>		1	540,964	540,965

The notes on pages 10 to 20 form part of these financial statements.

# RIVERLAND (NEWARK) LIMITED

## Notes to the financial statements

Year ended 31 May 2018

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### 1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 2. Accounting policies

#### Basis of preparation

The following principal accounting policies have been applied:

#### Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items:

- Investment property
- Financial instruments

The preparation of financial statements in compliance with FRS 102, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

The financial statements are presented in sterling, which is the functional currency of the company.

#### Going concern

In preparing the financial statements, the directors are required to make an assessment of the company's ability to continue as a going concern. A parent company has confirmed that it is not their current intention to call for repayment of the balance owed to it for at least 12 months from the date of approval of these financial statements unless the company has sufficient funds to be able to make repayments. For this reason, the directors continue to adopt the going concern basis in preparing these financial statements.

#### Disclosure exemptions

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

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

This information is included in the consolidated financial statements of Topland Group Plc as at 31 May 2018 and these financial statements may be obtained from Companies House.

#### Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for rental income and is stated net of value added tax.

# RIVERLAND (NEWARK) LIMITED

## Notes to the financial statements *(continued)*

Year ended 31 May 2018

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### 2. Accounting policies *(continued)*

#### **Current and deferred tax**

The tax expense is made up of current and deferred tax. Tax expense is recognised in profit and loss, except tax attributable to an income or expense recognised as other comprehensive income or recognised directly in equity, which is recognised as other comprehensive income or directly to equity as appropriate.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Current and deferred tax is calculated using the tax rates and laws enacted or substantively enacted by the reporting date.

#### **Lessor incentives**

Lessor incentives include rent free periods and other incentives given to lessees on entering into lease agreements.

Lessor incentives to tenants to occupy the company's investment properties are treated as revenue expenditure and initially recorded as prepayments. The payments are then charged to the profit and loss account evenly over the period to the lease end date. Where lessor incentives relate to investment properties, the properties are carried at open market value less the amount of the unamortised incentive.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits, and other short term highly liquid investments with original maturities of three months or less.

#### **Dividends**

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at a board meeting.

#### **Investment properties**

Investment properties are stated at fair value, using the principles set out in notes 3 and 12.

The directors revalue the investment property annually to fair value with the aggregate surplus or deficit being recognised in the statement of comprehensive income. Acquisitions and disposals are recognised on the unconditional exchange of contracts for sale/purchase.

It is anticipated that external valuations will be carried out periodically.

# RIVERLAND (NEWARK) LIMITED

## Notes to the financial statements *(continued)*

Year ended 31 May 2018

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### 2. Accounting policies *(continued)*

#### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of comprehensive income, with the exception of hedging instruments in a designated hedging relationship (see hedge accounting policy).

Debt instruments are subsequently measured at amortised cost.

#### Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Financial liabilities that are not classified as financial instruments are recorded at transaction cost. All changes to transaction cost are recognised in the statement of comprehensive income.

#### Financial assets

Financial assets are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the statement of comprehensive income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### Hedge accounting

The company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable interest rate debt. These derivatives are measured at fair value at each reporting date. All movements in fair value are recognised in the statement of comprehensive income for the year within Finance income or costs as appropriate.

# RIVERLAND (NEWARK) LIMITED

## Notes to the financial statements *(continued)*

Year ended 31 May 2018

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### 3. Judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), requires the use of certain critical accounting estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that the directors consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

#### Investment property valuation

Investment property is revalued annually to fair value using an income capitalisation technique. The valuation is prepared by the directors, based upon assumptions including future rental value, anticipated property costs, future development costs and the appropriate discount rate. Reference is also made to market evidence of transaction prices for similar properties. More information is provided in the 'Investment Property' note.

#### Recoverability of debtors

The recoverability of debtors is assessed annually based on factors specific to each individual debtor.

#### Interest rate swaps

Derivative financial instruments comprising interest rate swaps are revalued by the Board annually, based on external valuations supplied by the interest rate swap providers. The Board's valuation relies upon the information supplied by the providers.

### 4. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

### 5. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>2,698</u>	<u>3,911</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	<u>1,613</u>	<u>1,250</u>

### 6. Particulars of employees

There were no persons employed by the company during the period (2017: nil).

### 7. Directors

No director received any emoluments during the period (2017: £nil).

# RIVERLAND (NEWARK) LIMITED

## Notes to the financial statements *(continued)*

Year ended 31 May 2018

### 8. Interest receivable and similar income

	2018	2017
	£	£
Interest on cash and cash equivalents	1,313	852
Gain on fair valuation of financial instruments	225,238	29,008
	<u>226,551</u>	<u>29,860</u>

### 9. Interest payable and similar charges

	2018	2017
	£	£
Interest on banks loans and overdrafts	482,230	490,287
Other interest payable and similar charges	45,432	62,568
	<u>527,662</u>	<u>552,855</u>

### 10. Taxation on ordinary activities

#### Major components of tax expense

	2018	2017
	£	£
<b>Current tax:</b>		
UK current tax expense	144,729	77,074
Adjustments in respect of prior periods	(31,915)	(9,155)
Total current tax	<u>112,814</u>	<u>67,919</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	104,438	9,204
<b>Taxation on ordinary activities</b>	<u>217,252</u>	<u>77,123</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.83%).

	2018	2017
	£	£
Profit on ordinary activities before taxation	748,901	351,910
Profit on ordinary activities by rate of tax	142,291	69,794
Adjustment to tax charge in respect of prior periods	(31,915)	(9,155)
Effect of expenses not deductible for tax purposes	18,032	112,295
Adjust opening and closing deferred tax to average rate	(8,173)	3,450
Group relief	242,080	82,470
Transfer pricing adjustments	(180,023)	(180,451)
Adjustments to deferred tax charge in respect of previous periods	34,960	—
Movement in deferred tax not recognised	—	(1,280)
Tax on profit on ordinary activities	<u>217,252</u>	<u>77,123</u>



# RIVERLAND (NEWARK) LIMITED

## Notes to the financial statements (continued)

Year ended 31 May 2018

### 11. Dividends

	2018 £	2017 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year )	—	1,150,000

### 12. Investment property

	Freehold land and buildings £
Valuation At 1 June 2017 and 31 May 2018	20,000,000
Carrying amount At 31 May 2018	20,000,000
At 31 May 2017	20,000,000

The directors carried out an internal valuation of the property as at 31 May 2018 using an income capitalisation technique, whereby contracted and market rental values are capitalised with a market capitalisation rate. The resulting valuations are cross-checked against the equivalent yields and the fair market values derived from comparable recent market transactions on arm's length terms.

The directors anticipate having the investment property periodically valued by an external independent valuer.

The historical cost of the properties is £19,871,250 (2017: £19,871,250).

### 13. Debtors

Debtors falling due within one year are as follows:

	2018 £	2017 £
Trade debtors	77,573	113,647
Prepayments and accrued income	250,249	205,333
Amounts due from a parent company	10,752,765	11,206,869
Social security and other taxes	10,056	2,515
Amounts due from fellow subsidiaries	2,274	—
Other debtors	20,637	151,555
	11,113,554	11,679,919

Amounts due from a parent company and fellow subsidiaries bear no interest and are recoverable on demand. All debtors are due within one year.

# RIVERLAND (NEWARK) LIMITED

## Notes to the financial statements *(continued)*

Year ended 31 May 2018

### 14. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans	137,568	137,568
Trade creditors	107,504	146,322
Amounts due to a parent company	20,455,822	20,455,822
Accruals and deferred income	127,952	124,987
Corporation tax	20,947	67,246
Other creditors	2,104	6,583
	<u>20,851,897</u>	<u>20,938,528</u>

Amounts due to a parent company bear no interest and are repayable on demand.

### 15. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loans	10,671,293	10,808,861
Derivative financial liability	172,972	398,211
	<u>10,844,265</u>	<u>11,207,072</u>

The bank loan is secured by a first legal mortgage over the investment property and a floating charge over the assets and undertakings of the company.

The bank loan is repayable in instalments and £10,635,000 is repayable in 2019 as a lump sum. Interest is payable at 4.4% per annum.

	2018 £	2017 £
Maturity of debt:		
In one year or less, or on demand	<u>183,000</u>	<u>183,000</u>
Between one and two years	10,680,750	183,000
Between two and five years	-	10,680,750
	<u>10,680,750</u>	<u>10,863,750</u>
Unamortised loan costs	<u>(54,889)</u>	<u>(100,321)</u>

# RIVERLAND (NEWARK) LIMITED

## Notes to the financial statements (continued)

Year ended 31 May 2018

### 16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018 £	2017 £
Included in provisions (note 17)	<u>36,743</u>	<u>(67,695)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018 £	2017 £
Financial instruments	(29,404)	(67,695)
Accelerated capital allowances	<u>66,147</u>	<u>—</u>
	<u>36,743</u>	<u>(67,695)</u>

The deferred tax liability arose on the revaluation of investment property.

### 17. Provisions

	Deferred tax (note 16) £
At 1 June 2017	(67,695)
Movement in deferred tax	<u>104,438</u>
At 31 May 2018	<u>36,743</u>

### 18. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>12,232,371</u>	<u>11,656,164</u>
<b>Financial liabilities</b>		
Derivative financial liabilities measured at fair value through profit or loss	172,972	398,211
Financial liabilities measured at amortised cost	<u>31,444,047</u>	<u>31,616,096</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, accrued income, other debtors, amounts due from fellow subsidiaries and a parent company.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, accrued expenses, other creditors and amounts due to a parent company.

Derivative financial instruments measured at fair value through profit and loss comprise interest rate swaps.

# RIVERLAND (NEWARK) LIMITED

## Notes to the financial statements (continued)

Year ended 31 May 2018

### 18. Financial instruments (continued)

#### Hedge accounting

The Company has bank loans totalling £10,863,750 repayable in instalments by July 2019.

To hedge potential future volatility in interest cash flows arising from movements in LIBOR, the company has entered into a floating to fixed rate swap agreement with a nominal value equal to £10,863,750, for the same term as the loan and with identical re-pricing dates. This results in the group paying the net of 2.0% interest and receiving LIBOR. The total fixed interest cost of the loan and swap is 4.4% per annum.

Derivatives are accounted for in accordance with FRS102 and the liability had a fair value of £172,972 at 31 May 2018. The cash flows arising from the interest rate swaps will continue until maturity in July 2019, in line with the repayment of loans. The gain in fair value of the derivative during the year of £225,238 was recognised in the statement of comprehensive income.

### 19. Called up share capital

#### Issued, called up and fully paid

	2018		2017	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 21. Commitments under operating leases

#### As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	1,503,135	1,493,434
Later than 1 year and not later than 5 years	5,210,428	5,030,837
Later than 5 years	2,910,916	3,518,173
	<u>9,624,479</u>	<u>10,042,444</u>

### 22. Related party transactions

During the year management fees totalling £39,056 (2017: £37,145) were payable to fellow subsidiaries.

At the year end, an amount of £10,752,765 (2017: £11,206,869) was due from a parent company, and an amount of £2,274 (2017: £-) was due from fellow subsidiaries. An amount of £20,455,822 (2017: £20,455,822) was due to a parent company.

In the event of a purchase or sale of any of the company's properties, a fee equating to 2.5% of the consideration is payable to a fellow subsidiary of Topland Group Holdings Limited.

# RIVERLAND (NEWARK) LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2018

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## 23. Parent, ultimate parent and controlling party

The largest group in which the results of the company are consolidated is that headed by Topland Group Holdings Limited, a company incorporated in the British Virgin Islands.

The smallest group in which they are consolidated is that headed by Riverland Holdings Limited, a company incorporated in England and Wales. The registered office of Riverland Holdings Limited is 55 Baker Street, London, W1U 7EU.

The immediate parent company is Riverland No. 1 Limited, a company incorporated in England and Wales.

Topland Group Plc is the most senior parent whose financial statements may be obtained from Companies House.

The ultimate parent company and controlling party is Topland Group Holdings International Limited, a company incorporated in the British Virgin Islands.