

One Properties Limited

---

Annual Report

&

Accounts

2016

---

FRIDAY



\*A61EUXV5\*

A07

03/03/2017

#319

COMPANIES HOUSE

## Contents

|                                                                      | <b>Page</b> |
|----------------------------------------------------------------------|-------------|
| Directors and Officers                                               | 2           |
| Directors' Report                                                    | 3           |
| Statement of Directors' responsibilities                             | 5           |
| Independent Auditor's Report to the Member of One Properties Limited | 6           |
| Financial Statements                                                 |             |
| Statement of Comprehensive Income                                    | 8           |
| Statement of Financial Position                                      | 9           |
| Statement of Changes in Equity                                       | 10          |
| Statement of Cash Flows                                              | 11          |
| Notes to the Financial Statements                                    | 12          |

**Directors and Officers**

**Executive Directors**

Andrew Lewis

Robert Lewis

Andrew Bak

**Company Secretary**

Simon Mahaffey

**Registered Office**

10 Philpot Lane, London EC3M 8AA

**Registered Number**

08796342

**Auditor**

Ernst & Young LLP, 25 Churchill Place, Canary Wharf, London E14 5EY

## Directors' Report

### For the year ended 31 December 2016

The directors present their report and the financial statements for One Properties Limited ("the Company") for the year ended 31 December 2016. The directors have taken advantage of the small company exemption under the Companies Act 2006 in not preparing a strategic report.

#### Principal activities

The Company is incorporated under the laws of the United Kingdom as a private company limited by shares with company number 08796342. Its principal place of business is 10 Philpot Lane, London EC3M 8AA.

The Company is controlled by One Re Ltd (incorporated in the United Kingdom), which owns 100% of the Company's shares. The ultimate parent of the Company is 54 North Limited (incorporated in the Isle of Man), which owns 100% of One Re Ltd's shares.

The Company's principal activity was that of an investment property company; however, following the property transfer described below, the Company is not currently investing in any properties.

#### Financial instruments

Note 3.1 to the financial statements provides details of the Company's management of risks arising from the use of financial instruments.

#### Business review and future developments

The results of the Company are shown on page 8. The loss before tax for the year ended 31 December 2016 was £1k (2015: £188k profit). The Company did not enter into any significant transactions during the year, having transferred the investment property to One Re Ltd in 2015 in full and final settlement of the loan from One Re Ltd to the Company.

The Company did not receive any income during the year. In 2015, the income related to rental income (up to the date of the property transfer) from tenants under operating leases, for office space within the Company's investment property. The expenses incurred by the Company in 2016 were purely administrative costs. In 2015, the expenses were made up of property related operational costs such as office rates and management fees.

#### Post balance sheet events

No adjusting or non-adjusting events that require disclosure have occurred between the balance sheet date and the date when the financial statements were authorised for issue.

#### Dividends

No dividends were declared or paid by the Company during the year ended 31 December 2016 (2015: \$nil).

#### Directors

The directors set out in the table below have held office during the period to the date of this report, unless otherwise stated:

| Director     | Date of appointment |
|--------------|---------------------|
| Andrew Lewis | 29 November 2013    |
| Robert Lewis | 29 November 2013    |
| Andrew Bak   | 28 March 2014       |

**Directors' Report**  
**For the year ended 31 December 2016**

**Political donations and expenditure**

No political donations were made or political expenditure incurred by the Company during the year ended 31 December 2016 (2015: \$nil).

**Charitable donations**

The Company made no charitable donations during the year ended 31 December 2016 (2015: \$nil).

**Policy and practice on payment of creditors**

The Company agrees terms and conditions with suppliers before transactions take place. The Company's policy is to settle agreed invoices in accordance with the contractual terms of payment. The amounts due to the Company's trade creditors at 31 December 2016 represented approximately 38 days (2015: 20 days) of average daily purchases throughout the year.

**Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, therefore, have adopted the going concern basis for accounting in preparing the financial statements.

**Auditor and disclosure of information to auditor**

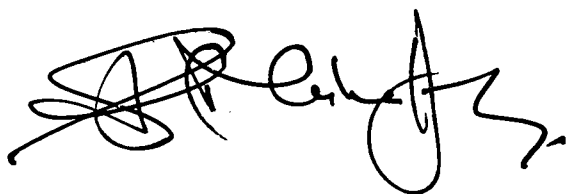
The directors each confirm that:

- 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 the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Ernst & Young LLP has indicated its willingness to continue in office and a resolution that Ernst & Young LLP be re-appointed will be proposed at the next board meeting in 2017.

**Approval**

This report was approved by the board on 1 March 2017 and signed on its behalf by:



Simon Mahaffey  
**Company Secretary**  
10 Philpot Lane  
London  
EC3M 8AA

## Statement of Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company's financial statements in accordance with International Financial Reporting Standards ("IFRS") 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 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;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Each of the directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit/(loss) of the Company; and
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the board



Simon Mahaffey  
Company Secretary  
1 March 2017

**Independent Auditor's Report**  
**For the year ended 31 December 2016**

**Independent auditor's report to the member of One Properties Limited**

We have audited the financial statements of One Properties Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent Auditor's Report**  
**For the year ended 31 December 2016**

**Opinion 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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, 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.

*Ernst & Young LLP*

Ed Jervis  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
1 March 2017

## Statement of Comprehensive Income

For the year ended 31 December 2016

|                                                            | Note | 2016<br>£'000 | 2015<br>£'000 |
|------------------------------------------------------------|------|---------------|---------------|
| Revenue                                                    | 11   | -             | 148           |
| Ground rent costs                                          |      | -             | (3)           |
| Repair and maintenance costs                               |      | -             | (16)          |
| Other direct property operating expenses                   |      | -             | (7)           |
| Other expenses                                             |      | (1)           | (22)          |
| <b>Operating (loss)/profit</b>                             |      | <b>(1)</b>    | <b>100</b>    |
| Net foreign exchange adjustments                           |      | -             | 88            |
| <b>(Loss)/profit before tax</b>                            |      | <b>(1)</b>    | <b>188</b>    |
| Income tax expense                                         | 13   | -             | -             |
| <b>(Loss)/profit for the year</b>                          |      | <b>(1)</b>    | <b>188</b>    |
| <b>Other comprehensive income:</b>                         |      |               |               |
| Currency translation differences                           |      | -             | -             |
| <b>Other comprehensive income for the year, net of tax</b> |      | <b>-</b>      | <b>-</b>      |
| <b>Total comprehensive income for the year</b>             |      | <b>(1)</b>    | <b>188</b>    |

All of the Company's operations are continuing.

Items disclosed in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 13.

The notes on pages 12 to 29 are an integral part of the financial statements.

## Statement of Financial Position As at 31 December 2016

|                                     | Note | 2016<br>£'000 | 2015<br>£'000 |
|-------------------------------------|------|---------------|---------------|
| <b>Assets</b>                       |      |               |               |
| <b>Non-current assets</b>           |      |               |               |
| Investment property                 | 6    | -             | -             |
|                                     |      | -             | -             |
| <b>Current assets</b>               |      |               |               |
| Cash and cash equivalents           | 7    | 1             | 2             |
|                                     |      | 1             | 2             |
| <b>Total assets</b>                 |      | <b>1</b>      | <b>2</b>      |
| <b>Equity and Liabilities</b>       |      |               |               |
| <b>Equity</b>                       |      |               |               |
| Ordinary shares                     | 8    | 10            | 10            |
| Retained earnings                   |      | (10)          | (9)           |
| <b>Total equity</b>                 |      | <b>-</b>      | <b>1</b>      |
| <b>Liabilities</b>                  |      |               |               |
| <b>Current liabilities</b>          |      |               |               |
| Trade and other payables            | 9    | 1             | 1             |
|                                     |      | 1             | 1             |
| <b>Total liabilities</b>            |      | <b>1</b>      | <b>1</b>      |
| <b>Total equity and liabilities</b> |      | <b>1</b>      | <b>2</b>      |

The notes on pages 12 to 29 are an integral part of the financial statements.

The financial statements on pages 8 to 29 were authorised for issue by the board of directors on 1 March 2017 and were signed on its behalf.



Andrew Lewis  
Director



Andrew Bak  
Finance Director

## Statement of Changes in Equity For the year ended 31 December 2016

|                                                | Note | Share<br>capital<br>£'000 | Other<br>reserves<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|------------------------------------------------|------|---------------------------|----------------------------|-------------------------------|--------------------------|
| <b>Balance as at 1 January 2015</b>            |      | <b>10</b>                 | <b>-</b>                   | <b>(197)</b>                  | <b>(187)</b>             |
| <b>Total comprehensive income for the year</b> |      |                           |                            |                               |                          |
| Profit for the year                            |      | -                         | -                          | 188                           | 188                      |
| Other comprehensive income                     |      | -                         | -                          | -                             | -                        |
| <b>Total comprehensive income for the year</b> |      | <b>-</b>                  | <b>-</b>                   | <b>188</b>                    | <b>188</b>               |
| <b>Transactions with owners</b>                |      |                           |                            |                               |                          |
| Proceeds from shares issued                    | 8    | -                         | -                          | -                             | -                        |
| Dividends                                      |      | -                         | -                          | -                             | -                        |
| <b>Total transactions with owners</b>          |      | <b>-</b>                  | <b>-</b>                   | <b>-</b>                      | <b>-</b>                 |
| <b>Balance as at 31 December 2015</b>          |      | <b>10</b>                 | <b>-</b>                   | <b>(9)</b>                    | <b>1</b>                 |
| <b>Balance as at 1 January 2016</b>            |      | <b>10</b>                 | <b>-</b>                   | <b>(9)</b>                    | <b>1</b>                 |
| <b>Total comprehensive income for the year</b> |      |                           |                            |                               |                          |
| Loss for the year                              |      | -                         | -                          | (1)                           | (1)                      |
| Other comprehensive income                     |      | -                         | -                          | -                             | -                        |
| <b>Total comprehensive income for the year</b> |      | <b>-</b>                  | <b>-</b>                   | <b>(1)</b>                    | <b>(1)</b>               |
| <b>Transactions with owners</b>                |      |                           |                            |                               |                          |
| Proceeds from shares issued                    | 8    | -                         | -                          | -                             | -                        |
| Dividends                                      |      | -                         | -                          | -                             | -                        |
| <b>Total transactions with owners</b>          |      | <b>-</b>                  | <b>-</b>                   | <b>-</b>                      | <b>-</b>                 |
| <b>Balance as at 31 December 2016</b>          |      | <b>10</b>                 | <b>-</b>                   | <b>(10)</b>                   | <b>-</b>                 |

The notes on pages 12 to 29 are an integral part of the financial statements.

## Statement of Cash Flows

For the year ended 31 December 2016

|                                                       | Note | 2016<br>£'000 | 2015<br>£'000  |
|-------------------------------------------------------|------|---------------|----------------|
| <b>Cash flows used in operating activities</b>        |      |               |                |
| Cash generated from operations                        | 14   | (1)           | (12)           |
| Income tax paid                                       |      | -             | -              |
| <b>Net cash used in operating activities</b>          |      | <b>(1)</b>    | <b>(12)</b>    |
| <b>Cash flows from/(used in) investing activities</b> |      |               |                |
| Subsequent expenditure on investment property         | 6    | -             | (3)            |
| Disposal of investment property                       | 6    | -             | 3,491          |
| <b>Net cash from investing activities</b>             |      | <b>-</b>      | <b>3,488</b>   |
| <b>Cash flows used in financing activities</b>        |      |               |                |
| Proceeds from issuance of ordinary shares             |      | -             | -              |
| Repayments of / proceeds from borrowings              |      | -             | (3,579)        |
| Dividends paid to Company's shareholder               |      | -             | -              |
| <b>Net cash used in financing activities</b>          |      | <b>-</b>      | <b>(3,579)</b> |
| Net decrease in cash and cash equivalents             |      | (1)           | (103)          |
| Cash and cash equivalents at beginning of year        |      | 2             | 105            |
| <b>Cash and cash equivalents at end of year</b>       | 7    | <b>1</b>      | <b>2</b>       |

The notes on pages 12 to 29 are an integral part of the financial statements.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

**1. General information**

One Properties Limited ("the Company") was an investment property company with operations solely in the UK. The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is: 10 Philpot Lane, London EC3M 8AA.

These financial statements have been authorised for issue by the Board of Directors on 1 March 2017.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

**2.1. Basis of presentation**

**Statement of compliance**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**Income and cash flow statement**

The Company has elected to present a single statement of comprehensive income and presents its expenses by nature.

The Company reports cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Company's business activities.

**Preparation of the financial statements**

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

All amounts in the notes are shown in thousands of UK Pounds, rounded to the nearest thousand, unless otherwise stated.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

**2.1.1. Changes in accounting policy and disclosures**

*(a) New and amended standards adopted by the Company*

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2016 that would be expected to have a material impact on the Company.

*(b) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2016 and not early adopted*

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

**2.2. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors that makes strategic decisions.

**2.3. Foreign currency translation**

*(a) Functional and presentation currency*

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in thousands of UK Pounds, which is the Company's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All foreign exchange gains and losses are presented in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in 'Other comprehensive income'.

Translation differences on financial assets and liabilities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in 'Other comprehensive income'.

**Notes to the financial statements**

**For the year ended 31 December 2016**

**2.4. Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property comprises freehold land and buildings. It is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Changes in fair values are recorded in the income statement. Investment properties are derecognised when they have been disposed.

Where the Company disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statement.

## Notes to the financial statements

### For the year ended 31 December 2016

#### 2.5. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation, except that land is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings comprise offices occupied by the Company.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on all property, plant and equipment (except land) is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- |                                    |          |
|------------------------------------|----------|
| • Buildings                        | 50 years |
| • Furniture, fixtures and fittings | 5 years  |

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in operating income.

#### 2.6. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 2.7. Inventories

The Company's inventories arise where there is a change in use of investment properties evidenced by the commencement of development with a view to sale, and the properties are reclassified as inventories at their deemed cost, which is the fair value at the date of reclassification. They are subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

**2.8. Financial instruments**

*(a) Financial assets*

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity financial assets and available for sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

The Company's financial assets consist of loans and receivables. Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the income statement.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

*(b) Financial liabilities*

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method (see Note 2.13 for the accounting policy on borrowings).

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

**2.9. Prepayments**

Prepayments are carried at cost less any accumulated impairment losses.

**2.10. Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

**2.11. Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any Related Party purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders.

Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

**2.12. Trade and other payables**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The Company may obtain deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition. Such deposits are treated as financial assets in accordance with IAS 39 and they are initially recognised at fair value. The deposit is subsequently measured at amortised cost.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

**2.13. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

**2.14. Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.15. Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss, it is not accounted for.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying value of the Company's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the statement of financial position. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

## **2.16. Provisions**

Provisions for legal claims are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

## **2.17. Revenue recognition**

Revenue includes rental income, service charges and management charges from properties.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Company provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Service and management charges are recognised in the accounting period in which the services are rendered. When the Company is acting as an agent, the commission rather than gross income is recorded as revenue.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

**2.18. Dividend distribution**

Dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are approved.

**2.19. Interest income and expenses**

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised in the income statement using the effective interest rate method.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

**2.20. Leases**

Leases in which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**2.21. Other expenses**

Expenses include legal, auditing, management and other fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

**3. Financial risk management**

**3.1. Financial risk factors**

The risk management function within the Company is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits and then ensure that exposure to risks stays within these limits.

Risk management is carried out by the senior management of One Re Ltd, the Company's shareholder, which provides written principles for overall risk management, as well as written policies covering specific areas, such as market risk, foreign exchange risk, interest rate risk and credit risk.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

**3.1.1. Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in (a) foreign currencies and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

Management sets limits on the exposure to currency and interest rate risk that may be accepted, which are monitored on a monthly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

*(a) Foreign exchange risk*

The Company operates in the United Kingdom and is nominally exposed to foreign exchange risk, primarily with respect to the UK pound and US dollar. Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the Company's functional currency.

The Company has various financial assets such as trade and other receivables and cash and short-term deposits that arise directly from its operations. The Company's principal financial liabilities comprise loans from related parties and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations.

The Company's foreign currency risk is managed by the Chief Financial Officer of One Re Ltd, who monitors the Company's foreign exchange risk against its functional currency on a monthly basis.

The functional currency of the Company is the UK pound; the functional currency of One Re Ltd is US dollars. The following paragraph presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the financial position date relative to the Company's functional currency, with all other variables held constant.

At 31 December 2016, if the US dollar weakened/strengthened by 5% against the UK pound, post-tax profit for the year would have been no different (2015: £nil).

*(b) Price risk*

The Company has no significant exposure to price risk as it does not hold any equity securities or commodities. The Company is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk.

*(c) Interest rate risk*

The Company has no significant exposure to interest rate risk arising from its borrowings. As the Company's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Company's income.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

**3.1.2. Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks and trade receivables, including rental receivables from lessees.

Credit risk is managed by the Chief Financial Officer of One Re Ltd, who monitors the Company's credit risk on a monthly basis.

The Company has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, but the Company does not monitor the credit quality of receivables on an on-going basis. All cash balances are held with Barclays Bank PLC.

The Company's maximum exposure to credit risk by class of financial asset is as follows:

|                                         | <b>2016</b>  | <b>2015</b>  |
|-----------------------------------------|--------------|--------------|
|                                         | <b>£'000</b> | <b>£'000</b> |
| Cash and cash equivalents (Note 7)      | 1            | 2            |
| <b>Total assets bearing credit risk</b> | <b>1</b>     | <b>2</b>     |

Deposits refundable to tenants may be withheld by the Company in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

The fair value of cash and cash equivalents at 31 December 2016 approximates the carrying value. There is a significant concentration of credit risk with respect to cash and cash equivalents, as the Company holds cash accounts with a single financial institution, namely Barclays Bank PLC.

**3.1.3. Liquidity Risk**

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments or other cash outflows, such as debt maturities.

Such outflows would deplete available cash resources for operational, trading and investment activities. In extreme circumstances, lack of liquidity could result in reductions in the balance sheet and sales of assets or, potentially, an inability to fulfil the Company's commitments.

The Company's liquidity management process includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. Monitoring and reporting take the form of cash flow measurement and projections for the next month, as this is a key period for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The Company's liquidity position is monitored on a monthly basis by the Chief Financial Officer of One Re Ltd. A summary table with maturity of financial assets and liabilities presented below is used to manage liquidity risks and is derived from the Company's monthly management accounts.

## Notes to the financial statements

### For the year ended 31 December 2016

The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

The maturity analysis of financial instruments at 31 December 2016 is as follows:

|                                              | 2016<br>0-1 years<br>£'000 | 2016<br>Total<br>£'000 | 2015<br>0-1 years<br>£'000 | 2015<br>Total<br>£'000 |
|----------------------------------------------|----------------------------|------------------------|----------------------------|------------------------|
| <b>Assets</b>                                |                            |                        |                            |                        |
| Cash and cash equivalents (Note 7)           | 1                          | 1                      | 2                          | 2                      |
| <b>Total financial assets</b>                | <b>1</b>                   | <b>1</b>               | <b>2</b>                   | <b>2</b>               |
| <b>Liabilities</b>                           |                            |                        |                            |                        |
| Trade payables and accrued expenses (Note 9) | 1                          | 1                      | 1                          | 1                      |
| <b>Total contractual obligations</b>         | <b>1</b>                   | <b>1</b>               | <b>1</b>                   | <b>1</b>               |

### 3.2. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The defined Company capital of £10,000 is entirely comprised of equity shares.

### 3.3. Fair value estimation

The Company analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

There were no transfers between levels during the period.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, FTSE, NYSE, etc.) and broker quotes from Bloomberg and Reuters. The quoted market price used for financial assets held by the Company is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

**4. Critical accounting estimates and judgements**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*(a) Investment property*

The fair value of investment properties is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 6.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

**5. Segment information**

The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Company has determined that its chief operating decision-maker is the Company's Board of Directors.

The Board of Directors has determined the Company has a single operating segment, namely UK Commercial Property. This operating segment derives its revenue primarily from rental income from lessees. All of the Company's business activities are reported within this single operating segment.

The Board of Directors assesses the performance of the operating segment based on a measure of operating profit.

The operating profit and profit/(loss) of the Company's reportable segment reported to the Board of Directors is measured in a manner consistent with that in profit or loss. A reconciliation of operating profit to profit/(loss) before tax is therefore not presented separately.

The amounts provided to the Board of Directors in respect of total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

As all assets and liabilities have been allocated to the reportable segment, reconciliations of the reportable segment's assets to total assets and of the reportable segment's liabilities to total liabilities, are not presented.

The breakdown of revenue from all services is as follows:

|                                         | <b>2016</b>  | <b>2015</b>  |
|-----------------------------------------|--------------|--------------|
|                                         | <b>£'000</b> | <b>£'000</b> |
| <b>Analysis of revenue by category:</b> |              |              |
| Rental income                           | -            | 136          |
| Service and management charges          | -            | 12           |
| <b>Total revenue</b>                    | <b>-</b>     | <b>148</b>   |

The Company is domiciled in the United Kingdom and generates all of its revenue there. The Company's revenue from external customers is primarily generated from property assets located in the United Kingdom.

All assets (including non-current assets) are entirely domiciled in the United Kingdom.

Revenues are derived from both related party tenants and third party tenants; as such, the Company is not reliant on any individual customer.

## Notes to the financial statements

### For the year ended 31 December 2016

#### 6. Investment property

The Company's investment property was measured at fair value. The Company held a single class of investment property being office buildings in the United Kingdom.

| Country<br>Segment             | UK<br>Office | Total<br>£'000 |
|--------------------------------|--------------|----------------|
| Fair value hierarchy           | Level 2      |                |
| Fair value at 1 January 2015   | 3,488        | 3,488          |
| Additions:                     |              |                |
| - Subsequent expenditure       | 3            | 3              |
| Disposals                      | (3,491)      | (3,491)        |
| Fair value at 31 December 2015 | -            | -              |
| Fair value at 1 January 2016   | -            | -              |
| Additions                      | -            | -              |
| Fair value at 31 December 2016 | -            | -              |

There were no borrowings secured on the Company's investment property.

The Company's investment property was valued at its purchase price plus subsequent expenditure. There were no changes to the valuation techniques during the year. The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

#### 7. Cash and cash equivalents

|                                        | 2016<br>£'000 | 2015<br>£'000 |
|----------------------------------------|---------------|---------------|
| Cash at bank and in hand               | 1             | 2             |
| Short-term bank deposits               | -             | -             |
| <b>Total cash and cash equivalents</b> | <b>1</b>      | <b>2</b>      |

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

|                           | £'000    | £'000    |
|---------------------------|----------|----------|
| Cash and cash equivalents | 1        | 2        |
| Bank overdrafts           | -        | -        |
| <b>Total</b>              | <b>1</b> | <b>2</b> |

## Notes to the financial statements

### For the year ended 31 December 2016

#### 8. Share capital

|                                     | Number<br>of shares<br>(000s) | Total<br>£'000 |
|-------------------------------------|-------------------------------|----------------|
| <b>Ordinary shares of £1 each</b>   |                               |                |
| Shares issued                       | 10                            | 10             |
| <b>At 31 December 2015 and 2016</b> | <b>10</b>                     | <b>10</b>      |

##### Ordinary shares

The total authorised number of ordinary shares is ten thousand, with a par value of £1 per share. There is one class of ordinary shares. All ordinary shares issued are fully paid and carry equal voting rights.

#### 9. Trade and other payables

|                                     | 2016<br>£'000 | 2015<br>£'000 |
|-------------------------------------|---------------|---------------|
| Trade payables and accrued expenses | 1             | 1             |
| <b>Total</b>                        | <b>1</b>      | <b>1</b>      |

The carrying amounts of trade and other payables approximate their fair values. All trade and other payables are current liabilities.

#### 10. Deferred income tax

Deferred income tax assets are only recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. As such, a deferred tax asset of £2k (2015: £2k) in relation to trading losses has not been recognised at the balance sheet date. The asset will be recoverable at such time as a suitable trading record has been established.

|                            | 2016<br>£'000 | 2015<br>£'000 |
|----------------------------|---------------|---------------|
| Tax losses carried forward | 2             | 2             |
| Other timing differences   | -             | -             |
| <b>Total</b>               | <b>2</b>      | <b>2</b>      |

Deferred tax has been calculated using an effective rate of 20%, which has been enacted to apply in the UK from 1 April 2015 and is applicable to the unrecognised deferred tax assets shown above.

**Notes to the financial statements**  
**For the year ended 31 December 2016**

## 11. Revenue

|                                | 2016<br>£'000 | 2015<br>£'000 |
|--------------------------------|---------------|---------------|
| Rental income                  | -             | 136           |
| Service and management charges | -             | 12            |
| <b>Total revenue</b>           | <b>-</b>      | <b>148</b>    |

## 12. Other Auditor remuneration

### Services provided by the Company's auditor and its associates

During the year, the Company obtained the following services from the Company's auditor and its associates:

|                                                                      | 2016<br>£'000 | 2015<br>£'000 |
|----------------------------------------------------------------------|---------------|---------------|
| <b>Fees payable to the Company's auditor and its associates for:</b> |               |               |
| - the audit of the Company's financial statements                    | -             | -             |
| <b>Total</b>                                                         | <b>-</b>      | <b>-</b>      |

## 13. Income tax expense

|                                    | 2016<br>£'000 | 2015<br>£'000 |
|------------------------------------|---------------|---------------|
| Current tax on losses for the year | -             | -             |
| <b>Total current tax</b>           | <b>-</b>      | <b>-</b>      |
| Deferred tax (Note 10):            |               |               |
| Charge/(credit) for the year       | -             | -             |
| <b>Total deferred tax</b>          | <b>-</b>      | <b>-</b>      |
| <b>Income tax expense</b>          | <b>-</b>      | <b>-</b>      |

The UK corporation tax rate was reduced from 21% to 20% on 1 April 2015. As a result, the weighted average applicable tax rate for the year ended 31 December 2016 was 20% (2015: 20.25%).

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Company as follows:

|                                                                  | 2016<br>£'000 | 2015<br>£'000 |
|------------------------------------------------------------------|---------------|---------------|
| <b>(Loss)/profit before income tax</b>                           | <b>(1)</b>    | <b>188</b>    |
| Tax calculated at effective tax rate of 20% (2015: 20.25%)       | -             | 38            |
| Tax effects of:                                                  |               |               |
| Tax losses for which no deferred income tax asset was recognised | -             | (38)          |
| <b>Tax charge</b>                                                | <b>-</b>      | <b>-</b>      |

**Notes to the financial statements**  
**For the year ended 31 December 2016**

**14. Cash generated from operations**

|                                       | 2016<br>£'000 | 2015<br>£'000 |
|---------------------------------------|---------------|---------------|
| (Loss)/profit before tax              | (1)           | 188           |
| Changes in working capital:           |               |               |
| Loans and receivables                 | -             | 13            |
| Trade and other payables (Note 9)     | -             | (213)         |
| <b>Cash generated from operations</b> | <b>(1)</b>    | <b>(12)</b>   |

**15. Contingencies**

The Company has contingent liabilities in respect of matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

The Company is subject to litigation in the normal course of its business. The Company does not believe that such litigation will have a material effect on its profit or loss and financial condition. However, the recent trend of increasing jury awards and settlements makes it more difficult to assess the ultimate outcome of such litigation.

**16. Related party transactions**

The Company is controlled by One Re Ltd (incorporated in the United Kingdom), which owns 100% of the Company's shares. The ultimate parent of the Company is 54 North Limited (incorporated in the Isle of Man), which owns 100% of One Re Ltd's shares. The following transactions were carried out with related parties.

*(a) Sales of goods and services*

|                                       | 2016<br>£'000 | 2015<br>£'000 |
|---------------------------------------|---------------|---------------|
| <i>Sales of services:</i>             |               |               |
| One Re Ltd (rent and service charges) | -             | 46            |
| <b>Total</b>                          | <b>-</b>      | <b>46</b>     |

Sales of services are negotiated with related parties at cost, with no margin.

*(b) Purchases of goods and services*

|                                  | 2016<br>£'000 | 2015<br>£'000 |
|----------------------------------|---------------|---------------|
| <i>Purchase of services:</i>     |               |               |
| One Re Ltd (management services) | -             | 16            |
| <b>Total</b>                     | <b>-</b>      | <b>16</b>     |

Services are bought from related parties on normal commercial terms and conditions.