

Company Registration Number: 06739030

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Dynamic Estates Limited
Financial Statements
For the year ended 31st December 2016



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Dynamic Estates Limited
Financial Statements
year ended 31st December 2016

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Dynamic Estates Limited
Officers and Professional Advisers

Director	M. Dall'osso
Registered office	219, Baker Street, London, NW1 6XE
Auditor	Benjamin, Taylor & Co., Chartered accountant & statutory auditor 201, Great Portland Street, London, W1W 5AB
Bankers	HSBC 186, Baker Street, London, NW1 5RU

Dynamic Estates Limited
Director's Report
year ended 31st December 2016

The director presents his report and the financial statements of the company for the year ended 31st December 2016.

Director

The director who served the company during the year was as follows:

M. Dall'osso

Director's responsibilities statement

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

Small company provisions

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

Dynamic Estates Limited
Director's Report *(continued)*
year ended 31st December 2016

This report was approved by the board of directors on 9th August 2017 and signed on behalf of the board by:

M. Dall'osse
Director

A handwritten signature in black ink, appearing to read 'M. Dall'osse', written over the printed name.

Dynamic Estates Limited

Independent Auditor's Report to the Members of Dynamic Estates Limited

year ended 31st December 2016

We have audited the financial statements of Dynamic Estates Limited for the year ended 31st December 2016 which comprise the statement of income and retained earnings, statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with 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 director and auditor

As explained more fully in the director's responsibilities statement, the director is 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Dynamic Estates Limited

Independent Auditor's Report to the Members of Dynamic Estates Limited *(continued)*

year ended 31st December 2016

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; and
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the director's report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Malcolm Adamson FCCA (Senior Statutory Auditor)

For and on behalf of
Benjamin, Taylor & Co.,
Chartered accountant & statutory auditor
201, Great Portland Street,
London,
W1W 5AB

9th August 2017

Dynamic Estates Limited
Statement of Income and Retained Earnings
year ended 31st December 2016

	Note	2016 £	2015 £
Turnover		5,430,842	4,953,047
Cost of sales		1,295,078	1,069,664
Gross Profit		4,135,764	3,883,383
Administrative expenses		705,951	1,854,762
Other operating income		16,912	19,115
Operating Profit		3,446,725	2,047,736
Other interest receivable and similar income		–	222
Interest payable and similar expenses		772	–
Profit Before Taxation		3,445,953	2,047,958
Tax on profit	6	687,515	695,579
Profit for the Financial Year and Total Comprehensive Income		<u>2,758,438</u>	<u>1,352,379</u>
Retained Earnings at the Start of the Year		11,821,451	10,469,072
Retained Earnings at the End of the Year		<u>14,579,889</u>	<u>11,821,451</u>

All the activities of the company are from continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

Dynamic Estates Limited
Statement of Financial Position

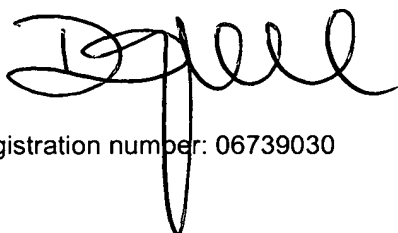
31st December 2016

	Note	2016		2015	
		£	£	£	£
Fixed Assets					
Tangible assets	7		164,630,000		164,630,000
Current Assets					
Debtors	8	6,052,695		6,835,247	
Cash at bank and in hand		<u>237</u>		<u>155</u>	
		6,052,932		6,835,402	
Creditors: amounts falling due within one year	9	<u>2,882,328</u>		<u>2,923,238</u>	
Net Current Assets			<u>3,170,604</u>		<u>3,912,164</u>
Total Assets Less Current Liabilities			167,800,604		168,542,164
Creditors: amounts falling due after more than one year	10		87,065,714		90,565,712
Provisions					
Taxation including deferred tax			<u>8,051,215</u>		<u>8,661,760</u>
Net Assets			<u>72,683,675</u>		<u>69,314,692</u>
Capital and Reserves					
Called up share capital			1		1
Revaluation reserve	12		58,103,785		57,493,240
Profit and loss account	12		<u>14,579,889</u>		<u>11,821,451</u>
Members Funds			<u>72,683,675</u>		<u>69,314,692</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 9th August 2017, and are signed on behalf of the board by:

M. Dall'osso
 Director



Company registration number: 06739030

The notes on pages 8 to 14 form part of these financial statements.

Dynamic Estates Limited
Notes to the Financial Statements
year ended 31st December 2016

1. General Information

The Company is a private company limited by shares, incorporated in England and Wales. Its registered office is 219 Baker Street, London, NW1 6XE.

The company's principal business activity is that of the letting of property.

2. Statement of Compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going Concern

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Investment Properties

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st January 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 14.

Revenue Recognition

Revenue represents rents receivable during the period, and is measured at the fair value of the consideration received or receivable, net of discounts and Value Added Tax.

Dynamic Estates Limited
Notes to the Financial Statements (continued)
year ended 31st December 2016

3. Accounting Policies (continued)

Income Tax

Taxation represents the sum of tax currently payable and deferred tax. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised on all timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Financial Instruments

A financial asset or a financial liability is recognised only when the company 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.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

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 profit or loss, with the exception of hedging instruments in a designated hedging relationship.

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 profit or loss 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 profit or loss 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.

Dynamic Estates Limited
Notes to the Financial Statements (continued)
year ended 31st December 2016

4. Auditor's Remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>6,000</u>	<u>6,000</u>

5. Employee Numbers

The average number of persons employed by the company during the year, including the director, amounted to 11 (2015: 7).

6. Tax on Profit

Major components of tax expense

	2016	2015
	£	£
Current tax:		
UK current tax expense	<u>687,515</u>	<u>695,579</u>
Tax on profit	<u>687,515</u>	<u>695,579</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016	2015
	£	£
Profit on ordinary activities before taxation	<u>3,445,953</u>	<u>2,047,958</u>
Profit on ordinary activities by rate of tax	689,191	409,592
Effect of expenses not deductible for tax purposes	5,830	361,066
Effect of different UK tax rates on some earnings	–	8,471
Group relief	<u>(7,506)</u>	<u>(83,550)</u>
Tax on profit	<u>687,515</u>	<u>695,579</u>

7. Tangible Assets

	Leasehold Investment Property £
Cost	
At 1 Jan 2016 and 31 Dec 2016	<u>164,630,000</u>
Depreciation	
At 1 Jan 2016 and 31 Dec 2016	<u>–</u>
Carrying amount	
At 31st December 2016	<u>164,630,000</u>

Dynamic Estates Limited
Notes to the Financial Statements (continued)
year ended 31st December 2016

7. Tangible Assets (continued)

The leasehold investment property was valued at £164,630,000 on 31st December 2015, on an open market value basis, by Harrods Estates.

The director M. Dall'osso considers there to be no material change in the fair value of the leasehold investment property as at 31st December 2016.

The historical cost of the property is £98,475,000.

8. Debtors

	2016	2015
	£	£
Trade debtors	300,130	647,594
Amounts owed by group undertakings and undertakings in which the company has a participating interest	5,741,248	6,177,342
Other debtors	11,317	10,311
	<u>6,052,695</u>	<u>6,835,247</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

9. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	805,584	632,884
Corporation tax	420,515	395,357
Social security and other taxes	29,387	3,782
Other creditors	1,626,842	1,891,215
	<u>2,882,328</u>	<u>2,923,238</u>

10. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Amounts owed to group undertakings and undertakings in which the company has a participating interest	87,065,714	90,565,712
	<u>87,065,714</u>	<u>90,565,712</u>

Amounts owed to group undertakings are unsecured and interest free.

11. Deferred Tax

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

	2016	2015
	£	£
Included in provisions	8,051,215	8,661,760
	<u>8,051,215</u>	<u>8,661,760</u>

Based on the leasehold investment property fair value valuation (detailed in note 7) and taking indexation into account, the company would be expected to pay the following liability should the leasehold investment property be sold:

	2016	2015
	£	£
Deferred tax liability on the revalued leasehold investment property	8,051,215	8,661,760
	<u>8,051,215</u>	<u>8,661,760</u>

Dynamic Estates Limited
Notes to the Financial Statements (continued)
year ended 31st December 2016

12. Reserves

Profit and loss account

The profit and loss account reserve records retained earnings and accumulated losses.

	2016	2015
	£	£
Retained earnings brought forward	11,821,451	10,469,072
Profit for the financial year	2,758,438	1,352,379
Retained earnings carried forward	<u>14,579,889</u>	<u>11,821,451</u>

Revaluation reserve

The revaluation reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

	2016	2015
	£	£
Balance brought forward	57,493,240	–
Revaluation of fixed assets	–	66,155,000
Provision for deferred tax	610,545	(8,661,760)
Retained earnings carried forward	<u>58,103,785</u>	<u>57,493,240</u>

Share Capital

Called-up share capital represents the nominal value of shares that have been issued.

13. Related Party Transactions

As the company is a wholly owned subsidiary of Farmont Baker Street Limited and the group publishes consolidated accounts, it has taken advantage of the exemptions contained in FRS 102 Section 33 and has therefore not disclosed transactions with entities which form part of the group.

14. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1st January 2015.

Dynamic Estates Limited
Notes to the Financial Statements (continued)
year ended 31st December 2016

14. Transition to FRS 102 (continued)

Reconciliation of equity

	1st January 2015			31st December 2015		
	As previously stated £	Effect of FRS 102 (as transition restated) £	£	As previously stated £	Effect of FRS 102 (as transition restated) £	£
Fixed assets	98,475,000	–	98,475,000	98,475,000	66,155,000	164,630,000
Current assets	6,879,240	–	6,879,240	6,835,402	–	6,835,402
Creditors: amounts falling due within one year	(3,119,457)	–	(3,119,457)	(2,923,238)	–	(2,923,238)
Net current assets	<u>3,759,783</u>	–	<u>3,759,783</u>	<u>3,912,164</u>	–	<u>3,912,164</u>
Total assets less current liabilities	102,234,783	–	102,234,783	102,387,164	66,155,000	168,542,164
Creditors: amounts falling due after more than one year	(91,765,710)	–	(91,765,710)	(90,565,712)	–	(90,565,712)
Provisions	–	–	–	–	(8,661,760)	(8,661,760)
Net assets	<u>10,469,073</u>	–	<u>10,469,073</u>	<u>11,821,452</u>	<u>57,493,240</u>	<u>69,314,692</u>
Capital and reserves	<u>10,469,073</u>	–	<u>10,469,073</u>	<u>11,821,452</u>	<u>57,493,240</u>	<u>69,314,692</u>

Under FRS 102 the company is required to revalue its investment properties at fair value each year.

Under previous UK GAAP, the recognition of deferred tax on investment property revaluation surpluses was prohibited, unless there was a commitment to sell the relevant property.

Under FRS 102 there is no such prohibition, and a deferred tax liability must be recognised on all investment property revaluation surplus irrespective of whether the company is likely to sell the property or not.

The deferred tax provision is measured on the revaluation surplus, less any allowances that apply, at the rate expected when the property is sold.

Reconciliation of profit or loss for the year

No transitional adjustments were required.

Dynamic Estates Limited

Notes to the Financial Statements *(continued)*

year ended 31st December 2016

15. Ultimate Parent Company

The company is wholly owned by Farmont Baker Street Limited, a company incorporated in England.

The director regarded, Farmont Investors Corp BVI a company incorporated in the British Virgin Islands as being the ultimate holding company and controlling party, up to April 2016.

The director considers that, in April 2016, Landmark Network Real Estate LLC a company incorporated in the United Arab Emirates became the ultimate holding company and controlling party.