

# Financial Statements

## Solo Properties (Knightsbridge) Limited

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For the year ended 31 December 2017

**Solo Properties (Knightsbridge) Limited**

## Company Information

<b>Directors</b>	J Quaicoe L Cathan D Gaskell (resigned 24 August 2017) T Gulam (appointed 24 August 2017)
<b>Company secretary</b>	GWCM Managers Limited
<b>Registered number</b>	1398153
<b>Registered office</b>	Trident Chambers PO Box 146 Road Town Tortola British Virgin Islands
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants 30 Finsbury Square London EC2A 1AG

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## Strategic report

For the year ended 31 December 2017

### Business review

The company's continued objective is to maximise growth in assets from increases in investment property values and from retained earnings from property rentals.

The investment property is valued at £74 million, an increase of £5.7 million against the 2016 valuation. In December 2017 the company secured an Agreement to Lease with a prominent high street retailer. The increase is largely due to this transaction. The lease, for retail space at the Brompton Road property, completed in early February 2018.

The company's directors deem that rental yields and the investment property valuation are meaningful financial key performance indicators in understanding the development, performance or position of the company's activities.

Further detail on the investment property valuation can be found in note 10 of the accounts.

The company's directors are of the opinion that there are no meaningful non-financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the company's activities.

### Principal risks and uncertainties

The company uses various financial instruments. These include cash, trade debtors, loans, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments expose the company to a number of principal risks and uncertainties, which are described in more detail below:

#### Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company uses long term finance to fund the acquisition of the investment property and to ensure continuity of funding. The maturity of borrowings is set out in the notes to the financial statements. Liquid resources are deemed to be cash.

#### Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings. The principal credit risk arises, therefore, from trade debtors.

In order to manage credit risk the directors perform credit checks on potential tenants prior to granting a lease. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history.

This report was approved by the board and signed on its behalf.



**GWCM Managers Limited**

Secretary

Date: 27 February 2018

## **Solo Properties (Knightsbridge) Limited**

# Directors' report

For the year ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

### **Principal activity**

The principal activity of the company during the year was property investment. The company's investment property is located in Knightsbridge, London, United Kingdom.

### **Results and dividends**

The profit for the year, after taxation, amounted to £4,953,506 (2016 - loss £3,625,552).

The directors have not recommended a dividend.

### **Directors**

The directors who served during the year were:

J Quaioco  
L Cathan  
D Gaskell (resigned 24 August 2017)  
T Gulam (appointed 24 August 2017)

### **Directors' responsibilities statement**

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

The directors have voluntarily elected to prepare the non statutory Strategic report, the Directors' report and the financial statements in accordance with the United Kingdom Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), as if those requirements were to apply to the company.

In electing to prepare these non statutory financial statements under The Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), as if those requirements were to apply to the company, the directors are required to prepare financial statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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.

## Solo Properties (Knightsbridge) Limited

# Directors' report (continued)

For the year ended 31 December 2017

### Going concern

The directors of the company have prepared forecasts to December 2020, taking into account the expected tenancy occupation. The directors have also received a letter of support from the company's intermediate parent undertaking, Sonangol (HK) Limited, stating that it does not intend to call for repayment of the loans for at least 12 months from the date of approval of these financial statements. After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


### Post balance sheet events

There have been no significant events affecting the Company since the year end.

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



GWCM Managers Limited

Secretary

Date: 27 February 2018

# Independent auditor's report to the members of Solo Properties (Knightsbridge) Limited

## Opinion

We have audited the financial statements of Solo Properties (Knightsbridge) Limited for the year ended 31 December 2017, 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In addition to our audit of the financial statements, the Directors of Solo Properties (Knightsbridge) Limited have engaged us to report as to whether:

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and
- the information given in the Directors' Report for the financial year in which the financial statements are prepared is consistent with the financial statements

as if those requirements of the United Kingdom Companies Act 2006 were to apply to the company.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with the terms of our engagement. 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.

## Independent auditor's report to the members of Solo Properties (Knightsbridge) Limited (continued)

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

### 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



# Independent auditor's report to the members of Solo Properties (Knightsbridge) Limited (continued)

## **Matters on which we are required to report by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

Grant Thornton UK LLP  
Statutory Auditors and Chartered Accountants  
London

27 February 2018

**Solo Properties (Knightsbridge) Limited**

## Statement of comprehensive income

For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	2,693,494	2,643,784
Cost of sales		(500,164)	(519,548)
<b>Gross profit</b>		<b>2,193,330</b>	<b>2,124,236</b>
Administrative expenses		(95,059)	(130,864)
<b>Operating profit</b>	4	<b>2,098,271</b>	<b>1,993,372</b>
Net revaluation surplus/(deficit)	10	5,577,767	(2,886,103)
Interest receivable and similar income	6	2,264	623
Interest payable and similar charges	7	(2,723,648)	(2,732,842)
<b>Profit/(loss) before tax</b>		<b>4,954,654</b>	<b>(3,624,950)</b>
Tax on profit/(loss)	8	(1,148)	(602)
<b>Profit/(loss) for the financial year</b>		<b>4,953,506</b>	<b>(3,625,552)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>4,953,506</b>	<b>(3,625,552)</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the Statement of comprehensive income.


The notes on pages 11 to 18 form part of these financial statements.

## Statement of financial position

As at 31 December 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investment property	10	<u>74,000,000</u>	<u>68,300,000</u>
		<b>74,000,000</b>	<b>68,300,000</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	810,876	694,063
Cash at bank and in hand		<u>1,611,967</u>	<u>1,172,600</u>
		<b>2,422,843</b>	<b>1,866,663</b>
Creditors: amounts falling due within one year	12	<u>(24,413,934)</u>	<u>(23,112,408)</u>
<b>Net current liabilities</b>		<b>(21,991,091)</b>	<b>(21,245,745)</b>
<b>Total assets less current liabilities</b>		<b>52,008,909</b>	<b>47,054,255</b>
Creditors: amounts falling due after more than one year	13	<u>(33,000,000)</u>	<u>(33,000,000)</u>
<b>Provisions for liabilities</b>			
Deferred tax	14	<u>(1,750)</u>	<u>(602)</u>
		<b>(1,750)</b>	<b>(602)</b>
<b>Net assets</b>		<b><u>19,007,159</u></b>	<b><u>14,053,653</u></b>
<b>Capital and reserves</b>			
Called up share capital	16	115	115
Share premium account	15	9,999,935	9,999,935
Profit and loss account	15	<u>9,007,109</u>	<u>4,053,603</u>
<b>Shareholders' funds</b>		<b><u>19,007,159</u></b>	<b><u>14,053,653</u></b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**L Cathan**  
 Director  
 Date: 27 February 2018

The notes on pages 11 to 18 form part of these financial statements.

**Solo Properties (Knightsbridge) Limited**

## Statement of changes in equity

For the year ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	115	9,999,935	4,053,603	14,053,653
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	4,953,506	4,953,506
<b>Total comprehensive income for the year</b>	-	-	4,953,506	4,953,506
<b>At 31 December 2017</b>	<b>115</b>	<b>9,999,935</b>	<b>9,007,109</b>	<b>19,007,159</b>

## Statement of changes in equity

For the year ended 31 December 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	115	9,999,935	7,679,155	17,679,205
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(3,625,552)	(3,625,552)
<b>Total comprehensive income for the year</b>	-	-	(3,625,552)	(3,625,552)
<b>At 31 December 2016</b>	<b>115</b>	<b>9,999,935</b>	<b>4,053,603</b>	<b>14,053,653</b>

The notes on pages 11 to 18 form part of these financial statements.

**Solo Properties (Knightsbridge) Limited**

## Statement of cash flows

For the year ended 31 December 2017

	2017	2016
	£	£
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	4,953,506	(3,625,552)
<b>Adjustments for:</b>		
Interest paid	2,723,648	2,736,347
Interest income	(2,264)	(622)
Taxation charge	1,148	602
(Increase) in debtors	(99,485)	(292,652)
Increase in creditors	97,307	150,636
Net fair value (gains)/losses recognised in Statement of comprehensive income	(5,577,767)	2,886,103
<b>Net cash generated from operating activities</b>	<u>2,096,093</u>	<u>1,854,862</u>
<b>Cash flows from investing activities</b>		
Additions to investment properties	(121,561)	(292,953)
Interest income	2,264	622
<b>Net cash from investing activities</b>	<u>(119,297)</u>	<u>(292,331)</u>
<b>Cash flows from financing activities</b>		
Loan advances	1,186,219	1,181,000
Interest paid	(2,723,648)	(2,736,347)
<b>Net cash used in financing activities</b>	<u>(1,537,429)</u>	<u>(1,555,347)</u>
<b>Net increase in cash and cash equivalents</b>	439,367	7,184
Cash and cash equivalents at beginning of year	1,172,600	1,165,416
<b>Cash and cash equivalents at the end of year</b>	<u>1,611,967</u>	<u>1,172,600</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,611,967	1,172,600
	<u>1,611,967</u>	<u>1,172,600</u>

The notes on pages 11 to 18 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 December 2017

## **1. Accounting policies**

### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

Although the company is incorporated in the British Virgin Islands and as such is regulated by its Company Act's rules and regulations, the directors have instructed that the financial statements be prepared in accordance with UK Generally Accepted Accounting Practice as would be required if the company were incorporated in the United Kingdom and following Companies Act 2006.

The following principal accounting policies have been applied:

### **1.2 Going concern**

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 1.

The directors of the company have prepared forecasts to December 2020, taking into account the expected tenancy occupation. The directors have also received a letter of support from the company's intermediate parent undertaking, Sonangol (HK) Limited, stating that it does not intend to call for repayment of the loans for at least 12 months from the date of approval of these financial statements. After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **1.3 Turnover**

Turnover represents amounts charged to tenants for rental, service charge, insurance and other income during the year, exclusive of Value Added Tax. Rental income is recognised on the straight line basis over the term of the lease.

Lease incentives provided to tenants are recognised as a reduction in rental income, with the cost of these incentives being allocated on a straight line basis over either the lease term.

### **1.4 Investment properties**

Investment properties are included in the Statement of financial position at their open market value in accordance with FRS 102 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

Individual freehold and leasehold properties are carried at the latest valuation. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date. Fair values are determined from market based evidence undertaken by professionally qualified valuers. Any movements in open market value are recorded in the Statement of comprehensive income.

# Notes to the financial statements

For the year ended 31 December 2017

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

### **1.5 Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **1.6 Financial instruments**

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account on an amortised cost basis.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

### **1.7 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

## **2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The only material judgement or estimate in the preparation of these financial statements is in respect of the valuation of the investment property, which has been recorded based on an external valuation which was conducted in accordance with the Practice Statements contained within the RICS valuation Professional Standards Global and UK Edition 2014, prepared by the Royal Institution of Chartered Surveyors, on the basis of open market value.

## Notes to the financial statements

For the year ended 31 December 2017

### 3. Turnover

An analysis of turnover by class of business is as follows:

	2017	2016
	£	£
Rentals receivable under operating leases	2,486,021	2,460,267
Service charge income	181,537	157,534
Insurance income	24,186	24,145
Other income	1,750	1,838
	<u>2,693,494</u>	<u>2,643,784</u>

All turnover arose within the United Kingdom.

### 4. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Auditor's remuneration - audit	20,000	12,088
Auditor's remuneration - taxation compliance	2,197	2,398
Auditor's remuneration - taxation advisory services	41	1,620
	<u>22,238</u>	<u>16,106</u>

### 5. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2017	2016
	No.	No.
Directors	<u>3</u>	<u>3</u>

During the year, the company was charged total fees of £8,253 (2016: £10,425) by the directors. Please refer to note 17 for further details.

### 6. Interest receivable

	2017	2016
	£	£
Other interest receivable	<u>2,264</u>	<u>623</u>



## Notes to the financial statements

For the year ended 31 December 2017

### 7. Interest payable and similar charges

	2017 £	2016 £
Interest on loan notes	2,722,500	2,729,959
Loan note administration costs	1,148	2,883
	<u>2,723,648</u>	<u>2,732,842</u>

### 8. Taxation

	2017 £	2016 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,148	602
<b>Taxation on profit /(loss) on ordinary activities</b>	<u>1,148</u>	<u>602</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<u>4,954,654</u>	<u>(3,624,950)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	990,931	(724,990)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	12,705	579,863
Non-taxable income	(1,116,715)	(2,127)
Unrelieved tax losses carried forward	114,227	147,856
<b>Total tax charge for the year</b>	<u>1,148</u>	<u>602</u>

## Notes to the financial statements

For the year ended 31 December 2017

### 9. Deferred tax asset

As at 31 December 2017, the company had unrecognised deferred tax assets totalling £977,842 (2016: £864,764). These comprised of tax losses carried forward of £4,889,211 (2016: £4,323,819).

There is no deferred tax liability on revaluation gains on investment properties on the basis that the gain on disposal should be outside the scope of UK capital gains tax. However, part of the property is residential. Since April 2015, the disposal of UK residential property interests by non resident persons is within the scope of UK capital gains tax. Broadly, Solo Properties (Knightsbridge) Limited will be subject to UK capital gains tax on any increase in value in the residential part of the property from April 2015.

A gross deferred tax liability of £8,750 (2016: £3,009) relating to the increase in the value in residential freehold property and the deferred tax liability at 20% is £1,750 (2016: £602).

### 10. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2017	68,300,000
Additions at cost	122,233
Surplus on revaluation	5,577,767
<b>At 31 December 2017</b>	<b>74,000,000</b>

The investment property was valued by CBRE (external valuer) at £74,000,000 as at 31 December 2017 (2016: £68,300,000). The valuation was conducted in accordance with the Practice Statements contained within the RICS valuation Professional Standards Global and UK Edition 2014, prepared by the Royal Institution of Chartered Surveyors, on the basis of open market value.

In December 2017 the company secured an Agreement to Lease with a prominent high street retailer. The increased value is largely due to this transaction.

### 11. Debtors

	2017 £	2016 £
<b>Due within one year</b>		
Trade debtors	92,704	5,823
Other debtors	55,004	112,918
Called up share capital not paid	50	50
Prepayments and accrued income	663,118	575,272
	<b>810,876</b>	<b>694,063</b>

## Notes to the financial statements

For the year ended 31 December 2017

### 12. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other loans (see note 17)	22,800,568	21,614,349
Trade creditors	76,205	12,011
Taxation and social security	126,321	149,417
Accruals and deferred income	1,410,840	1,336,631
	<u>24,413,934</u>	<u>23,112,408</u>

### 13. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Loan notes (see note 17)	<u>33,000,000</u>	<u>33,000,000</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable other than by instalments	<u>33,000,000</u>	<u>33,000,000</u>

The loan notes are unsecured and are due to be repaid in full in 2040. Interest is due on the loan notes at a rate of 8.25% per annum.

### 14. Deferred taxation

	2017 £	2016 £
At beginning of year	(602)	-
Charged to profit or loss	(1,148)	(602)
<b>At end of year</b>	<u>(1,750)</u>	<u>(602)</u>

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Increase in value of residential freehold	<u>(1,750)</u>	<u>(602)</u>

## Notes to the financial statements

For the year ended 31 December 2017

### 15. Reserves

#### Profit & loss account

The profit and loss account balance of £9,007,109 (2016: £4,054,205) includes non-distributable reserves of £14,961,837 (2016: £9,384,070).

#### Share premium

Includes only premiums received on issue of share capital.

### 16. Share capital

	2017	2016
	£	£
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
200 Ordinary shares of \$1 each	115	115

### 17. Related party transactions

The company has in issue £33,000,000 of Loan Notes repayable in 2040 (2016: £33,000,000). These loan notes, which are listed on the Bermudan Stock Exchange, are held by Sonangol (HK) Limited, the immediate parent company. Interest of £2,722,500 (2016: £2,729,959) was charged on these loan notes during the year of which £454,993 (2016: £454,993) remained unpaid at year end.

The company has an interest free loan of £21,519,717 (2016: £20,333,498) from Sonangol (HK) Limited, the immediate parent company. The interest free loan is repayable on demand. A further amount of £1,280,851 (2016: £1,280,851) relating to unpaid interest on a previous loan assigned to the immediate parent company, Sonangol (HK) Limited, has been included in the other loans balance within creditors. The loan is repayable on demand.

Sociedade Nacional De Combustiveis De Angola Limited, another group company, holds a five year lease relating to two parts of the third floor of the investment property. Turnover for the year includes rental income of £181,829 (2016: £182,742), service charge income of £45,744 (2016: £48,164) and insurance income of £2,858 (2016: £2,982) relating to this lease. Included within accruals and deferred income is a balance of £53,328 (2016: £53,328) for deferred rental income relating to this lease. Included within prepayments and accrued income is a balance of £74,276 (2016: £123,747) in relation to the lease incentive receivable under this lease.

During the year, the company was charged legal and professional fees of £32,266 (2016: £24,608) by Geneva Wealth Capital Management, a company in the same group as the Company Secretary, GWCM Managers Limited, of which £nil (2016: £nil) was outstanding at year end.

During the year, the company was charged fees of £4,158 (2016: £3,438) by Mr J Quicoe, a director of the company, of which £nil (2016: £nil) was outstanding at year end.

During the year, the company was charged fees of £4,095 (2016: £3,589) by Mr D Gaskell, a director of the company, of which £nil (2016: £nil) was outstanding at year end.

During the year, the company was charged fees of £nil (2016: £3,398) by Mr L Cathan, a director of the company, of which £nil (2016: £nil) was outstanding at year end.

## Notes to the financial statements

For the year ended 31 December 2017

### **18. Contingencies and capital commitments**

The directors have confirmed that there was a capital commitment of £907,898 (2016: £153,733) which should be disclosed at 31 December 2017, relating to the lease surrender and re-letting of a ground floor unit at Brompton Road, and the ongoing refurbishment of the reception area and 4th floor at the property. The directors have confirmed there were no contingencies which should be disclosed at 31 December 2017 or 31 December 2016.

### **19. Post balance sheet events**

In early February 2018, the company entered into a lease with a prominent high street retailer; the retailer having signed an Agreement to Lease in December 2017. The structure of the lease agreement is such that a binding contract did not exist at the balance sheet date and as a result, the company has not adjusted the financial statements at 31 December 2017 for this transaction.

### **20. Ultimate parent undertaking and controlling party**

The immediate parent undertaking of this company is Sonangol (HK) Limited, a company registered in Hong Kong, on the basis that it owns 100% of the issued share capital.

The ultimate parent undertaking and controlling related party of this company is Sociedade Nacional De Combustiveis De Angola EP, a company registered in Angola.

## Solo Properties (Knightsbridge) Limited

# Detailed profit and loss account

For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover		2,693,494	2,643,784
Cost Of Sales		(500,164)	(519,548)
<b>Gross profit</b>		<b>2,193,330</b>	<b>2,124,236</b>
<b>Gross profit %</b>		<b>81.4 %</b>	<b>80.3 %</b>
<b>Less: overheads</b>			
Administration expenses		(95,059)	(130,864)
<b>Operating profit</b>		<b>2,098,271</b>	<b>1,993,372</b>
Interest receivable		2,264	623
Interest payable		(2,723,648)	(2,732,842)
Investment income		5,577,767	(2,886,103)
Tax on profit on ordinary activities		(1,148)	(602)
<b>Profit/(Loss) for the year</b>		<b>4,953,506</b>	<b>(3,625,552)</b>

**Solo Properties (Knightsbridge) Limited**

**Schedule to the detailed accounts**

For the year ended 31 December 2017

	2017 £	2016 £
<b>Turnover</b>		
Rental Income	2,486,021	2,460,267
Service Charge Income	181,537	157,534
Insurance income	24,186	24,145
Other income	1,750	1,838
	<u>2,693,494</u>	<u>2,643,784</u>
	2017 £	2016 £
<b>Cost of sales</b>		
Insurance	26,564	29,161
Service Charge Expenditure	210,131	252,794
Lease premium	11,955	9,934
Non recoverable business rates	69,899	143,717
Letting fees	106,831	7,916
Advertising & Marketing	-	14,650
Asset management fees	74,784	61,376
	<u>500,164</u>	<u>519,548</u>
	2017 £	2016 £
<b>Administration expenses</b>		
Legal and professional	22,686	68,835
Auditors' remuneration	20,000	12,088
Auditors' remuneration - non-audit	2,238	4,018
Accountancy fees	6,390	7,375
Bank charges	2,587	3,505
Legal and professional (off-shore running costs)	41,158	35,043
	<u>95,059</u>	<u>130,864</u>
	2017 £	2016 £
<b>Interest receivable</b>		
Bank interest receivable	2,264	623
	<u>2,264</u>	<u>623</u>

**Solo Properties (Knightsbridge) Limited**

**Schedule to the detailed accounts**

**For the year ended 31 December 2017**

	2017 £	2016 £
<b>Interest payable</b>		
Bank loan interest payable	2,722,500	2,729,959
Group interest payable	1,148	2,883
	<u>2,723,648</u>	<u>2,732,842</u>
	2017 £	2016 £
<b>Net revaluation loss</b>		
Net revaluation loss	5,577,767	(2,886,103)
	<u>5,577,767</u>	<u>(2,886,103)</u>